









# PITMAN'S BUSINESS MAN'S ENCYCLOPÆDIA AND DICTIONARY OF COMMERCE

---

*Edited by* J. A. SLATER, B.A., LL.B. (Lond.)

*Of the Middle Temple & North-Eastern Circuit, Barrister-at-Law  
Author of "Mercantile Law;" "Commercial Law of England," etc.*

ASSISTED BY UPWARDS OF FIFTY SPECIALISTS AS CONTRIBUTORS  
WITH NUMEROUS MAPS, ILLUSTRATIONS, FACSIMILE  
BUSINESS FORMS AND LEGAL DOCUMENTS, DIAGRAMS, ETC.

SECOND AND REVISED EDITION



*In Four Volumes*

VOLUME I.



---

SIR ISAAC PITMAN & SONS, LTD., PARKER STREET, KINGSWAY, W.C.2  
LONDON BATH MELBOURNE TORONTO NEW YORK

1920

PRINTED BY  
SIR ISAAC PITMAN & SONS, LTD.  
BATH, ENGLAND

# THE FOLLOWING ARE INCLUDED 'IN THE' IMPORTANT ARTICLES WHICH APPEAR IN THIS VOLUME

|                                |                                   |                                  |
|--------------------------------|-----------------------------------|----------------------------------|
| International Copyright        | Machinery                         | Novation                         |
| International Law              | Mail Order Business, Organisation | Nuisances                        |
| International Trade            | of                                | Octaval Comage                   |
| Interpleader                   | Malicious Prosecution             | Offensive Trades                 |
| Intestacy                      | Malta                             | Office Appliances                |
| Intimidation                   | Manufacturers' Accounts           | Office Organisation              |
| Inventory                      | Manufacturing Business, Organ-    | Official Secrets                 |
| Invoice                        | sation of                         | Oncost                           |
| Invoice Dept., Organisation of | Marine Insurance                  | One Man Company                  |
| L. U.                          | Maritime Lien                     | Open Cheque                      |
| Ireland                        | Marketable Securities             | Options                          |
| Issue of Bill                  | Market Gardens                    | Orange Free State Province       |
| Italy                          | Market Overt                      | Order of Business                |
| Jamaica                        | Markets and Fairs                 | Order XIV                        |
| Japan                          | Marriage Settlements              | Ordnance Survey                  |
| Jettison                       | Married Women's Property Acts     | Organisation of Business         |
| Jobber                         | Master and Servant                | Outside Brokers                  |
| Joint Tenants                  | Mammutus                          | Overdrafts and Advances          |
| Jugo Slavia                    | Mayor                             | Oversea Representatives          |
| Jurisdiction                   | Meetings, Company                 | Overtrading                      |
| Jury                           | Memorandum of Association         | Owner's Risk                     |
| Labour Exchanges               | Merchant Shipper                  | Paid-up Capital                  |
| Landlord and Tenant            | Mesopotamia                       | Panama                           |
| Land Settlement                | Metric System                     | Paraguay                         |
| Leaseholds                     | Metropolitan Clearing             | Parent and Child                 |
| Leeman's Act                   | Mexico                            | Partners                         |
| Leeward Islands                | Middleman                         | Partnership Accounts             |
| Legacy                         | Middle Price                      | Passport                         |
| Legacy Duty                    | Mint of Exchange                  | Patents                          |
| Legal Tender                   | Minutes                           | Pawnbrokers                      |
| Letter of Allotment            | Misappropriation                  | Payee                            |
| Letter of Credit               | Misfeasance                       | Payment Stopped                  |
| Letter of Indemnity            | Misrepresentation                 | Pension Schemes                  |
| Letter of Introduction         | Mosclary Paines                   | Persia                           |
| Letter of Regret               | Money                             | Peru                             |
| Letters                        | Money Orders                      | Physicians and Surgeons          |
| Letters of Administration      | Monometallism                     | Pilot                            |
| Liabilities, Statement of, in  | Monopoly                          | Polsons, Sale of                 |
| Balance Sheets                 | Montenegro                        | Poland                           |
| Liberia                        | Morocco                           | Political Economy                |
| Licences                       | Mortgage                          | Portugal                         |
| Licensing Laws                 | Most Favoured Nation              | Post                             |
| Lien                           | Motors                            | Prices Writing                   |
| Life Insurance                 | Motor Car                         | Preferential Tariff              |
| Light Locomotives              | Multiple Shop, Organisation of    | Private Company                  |
| Light Railways                 | Municipal Legislation             | Probate                          |
| Light on Ships                 | Municipal Trading                 | Promissory Note                  |
| Limitations, Statutes of       | Natal                             | Promoter                         |
| Limited Liability              | National Debt                     | Prospectus                       |
| Limited Partnership            | National Insurance                | Public Trustee                   |
| Liquidated Damages             | Naturalisation                    | Punctuation                      |
| Liquidator                     | Negligence                        | Purchases Department, Organisa-  |
| Lithuania                      | Negotiability                     | tion of                          |
| Lloyd's                        | Newfoundland                      | Incogland                        |
| Local Government               | New South Wales                   | Quorum                           |
| Log Book                       | New Zealand                       | Railway Companies as Carriers    |
| Loose Leaf Books               | Next-of-Kin                       | Railway, Consignment of Goods by |
| Lost Bank Note                 | Nicaagua                          | Railways                         |
| Luggage                        | Northern Territory of Australia   |                                  |
| Managery                       | Norway                            |                                  |

# LISTS OF MAPS, INSETS, AND ILLUSTRATIONS

## COLOURED MAPS

|         |        |                   |
|---------|--------|-------------------|
| IRELAND | JAPAN  | NEW ZEALAND       |
| ITALY   | MEXICO | NORWAY AND SWEDEN |

## PRODUCT MAPS, RAILWAY MAPS, ETC.

|                                  |                         |
|----------------------------------|-------------------------|
| RAILWAY MAP OF ENGLAND AND WALES | RAILWAY MAP OF SCOTLAND |
| RAILWAY MAP OF IRELAND           |                         |
| ITALY                            | NEW ZEALAND             |

## MAPS IN TEXT

|             |           |        |      |
|-------------|-----------|--------|------|
| MAURITIUS   | MOROCCO   | PERSIA | PERU |
| JUGO-SLAVIA | LITHUANIA | POLAND |      |

## INSETS

|  |                      |                         |
|--|----------------------|-------------------------|
| LEASE  | LIQUIDATOR'S ACCOUNT | POST-OBIT BOND          |
| AGREEMENT FOR TENANCY OF A HOUSE             | LLOYD'S POLICY       | PRELIMINARY AGREEMENT   |
| LETTER OF HYPOTHECATION                      | MARRIAGE SETTLEMENT  | ON FORMATION OF COMPANY |
| ABSOLUTE ASSIGNMENT OF LIFE POLICY           | MORTGAGE             | PROOF OF DEBT IN BANK   |
| ASSIGNMENT OF LIFE POLICY BY WAY             | PARTNERSHIP ARTICLES | RUPTCY                  |
| OF MORTGAGE                                  | LETTERS PATENT       | PROSPECTUS              |
| BOND FOR ADMINISTRATION OF DECEASED'S ESTATE |                      |                         |

## ILLUSTRATIONS

|  |                               |
|--|-------------------------------|
| LOSS LEAF LEDGER   | SPECIMEN OF PROOF CORRECTIONS |
| BESIDES NUMEROUS FORMS, RULINGS, ETC., PRINTED IN WITH THE TEXT. |                               |



# PITMAN'S BUSINESS MAN'S ENCYCLOPÆDIA AND DICTIONARY OF COMMERCE

[INT]

**INTERNATIONAL COPYRIGHT.**—The law of copyright, as discussed in an earlier article in this work (see COPYRIGHT), was there stated to be confined to works first published within the United Kingdom or within certain parts of the British dominions beyond the seas, and to the productions of authors who were either British subjects or residents within certain parts of the King's dominions. But by international arrangement, embodied in treaties or conventions, and recognised by legislative enactment, it has for some considerable time been possible for the authors of works published abroad to obtain copyright protection in this country, and in British colonies and possessions, to the same extent as if they were British subjects, or their literary or artistic works had been just published in this country. By what is known as the Berne Convention of 1886, Great Britain, France, Germany, Italy, Belgium, Spain, Switzerland, Tunis, Hayti, Luxembourg, Monaco, Norway, Japan, Denmark, and Sweden constituted themselves into a union for copyright purposes, and it was agreed (so far as this country was concerned) that foreign authors belonging to any of those countries should have the same rights as British subjects in respect of their literary or artistic productions, provided that the Government of their particular country gave a similar right in that country to the works of British authors. A somewhat similar arrangement was subsequently made by treaty between this country and Austria-Hungary. The period of the protection afforded by our copyright laws was, however, limited in respect of works first published in any of these foreign countries to such a term of protection as was allowed by the law of the country in which the work was first published, and, before he can obtain copyright here, the foreign author must have duly complied with all the necessary formalities and conditions laid down by the law of his own country, or of the country of publication, for the purpose of securing copyright therein, and must, as a preliminary to any proceedings for infringement of copyright in this country, obtain and produce the prescribed certificate, or other admissible evidence, that he has obtained and is then entitled to copyright in such foreign country.

The Copyright Act, 1911, places the law of international copyright, as recognised in this country, upon a firm footing, by providing that His Majesty may, by Order in Council, direct that that Act

which, it must be remembered, now contains practically the whole law as to British copyright, may be applied, either in whole or in part—

"(a) To works first published in a foreign country to which the Order relates, in like manner as if they were first published within the parts of His Majesty's dominions to which the Copyright Act extends;

"(b) to literary, dramatic, musical, and artistic works, or any class thereof, the authors whereof were at the time of the making of the work subjects or citizens of a foreign country to which the Order relates, in like manner as if the authors were British subjects;

"(c) in respect of residence in a foreign country to which the Order relates, in like manner as if such residence were residence in the parts of His Majesty's dominions to which the Copyright Act extends."

On such an Order being made, the British law of copyright, summarised in our earlier article (see COPYRIGHT), will apply to the foreign publications and authors, save in so far as such application may be expressly limited by the Order.

Before making such an Order in Council in respect of any foreign country with which we have no convention as to copyright (*see ante*), His Majesty must be satisfied that that foreign country has made, or has undertaken to make, such provisions as may be deemed expedient for the protection of works entitled to copyright in this country; or, put in other words, that the foreign country gives, or is about to give, copyright protection to the works of British authors. The Order may contain certain special provisions for carrying out the former practice under the Berne Convention, and for making such modification in our law as may be necessary to secure reciprocity, having regard to the law of the foreign country.

The law relating to the delivery of books to libraries (see COPYRIGHT) will not apply to works first published abroad, except it be made applicable by an Order in Council, and the provisions of the Copyright Act, 1911, as to the grant of compulsory licences will not apply to works first published or first performed in a foreign country, if it is established that the laws of such country provide means for enabling the reasonable requirements of the public to be satisfied with regard to such works.

The Governor in Council of the Dominion of Canada, the Commonwealth of Australia, the

Dominion of New Zealand, the Union of South Africa, and Newfoundland may make similar Orders for giving foreign published works protection in such colonies.

The reader will have noted that the United States of America was not a party to the Berne Convention, and, therefore, the law as to international copyright does not extend to that country. The States, however, have provided a means by which authors and persons not citizens of the States may obtain copyright protection there. This is done by causing the work to be simultaneously published in the country of origin and in the United States, the production in the latter country being from type set up or plates manufactured there. Certain requirements as to registration must also be complied with.

One other matter may here be noted. The possession of copyright in a book does not include the exclusive right of translating the book into a foreign language, but by virtue of the Berne Convention the author of a book first published in any one of the countries party to the convention has the exclusive right of translation within the other countries, with possibly one or two exceptions, for a period of ten years after the first publication of the original book.

**INTERNATIONAL CUSTOMS UNION.**—Before the outbreak of the Great War, an effort had been made to draw the various trading communities of the world closer together by means of an International Customs Union. It was felt that such a union might avert the imminent perils of war. How far the idea progressed and how it ultimately failed to attain the end which it had in view is only too well known. The world awaits the promulgation and application of something more effective in the future.

**INTERNATIONAL LAW.**—International Law is the name given to the collection of rules and usages which civilized States have expressly or impliedly agreed shall be binding on them in their dealings with each other and with other States. It is sometimes called public international law to distinguish it from a branch of municipal law which determines what system of law shall be applied in a given instance when there is some doubt whether municipal or foreign law is to be applied. This branch of municipal law is wrongly termed private international law, for, in reality, it has no international bearing, being merely a body of rules prevailing in a given State and determining the question from the point of view of that State whether domestic or foreign law is the more appropriate.

In this phase of the question is of importance, and as even learned writers have used the expression "private international law," the subject will be dealt with in this article under the title of "conflict of laws," which is now the generally accepted name of this branch.

Public international law has become of signal importance by reason of recent international events. It is not true law, if we consider that law constitutes a compelling force, assuring obedience. It is more truly like the laws of fashion and the rules of morality as between individuals, a form of positive morality existing amongst States.

In municipal law the parties are subject, the law-maker and judge is sovereign. In international law the parties are States, they are their own judges, to a certain extent their own executioner, and the only sanction is the fear of the loss of the goodwill of other States.

Modern international law is founded on the principles laid down by the Dutch priest, Grotius, in his work *De jure belli et pacis*. Grotius expounded three principles, namely, the absolute independence and equality of sovereign States, the existence of mutual rights and obligations imposed upon the States by the law of nature, and the existence of an immutable and discernable law of nature. This fiction served a useful purpose as it concealed the fact that the rules of international law had no direct and positive sanction. Public opinion of sovereign States, backed up by an undefined physical force, being generally sufficient to secure observance of the rules. Thus, international law is, in reality, the aggregate of rules regulating intercourse of States gradually evolved out of the moral and intellectual opinion of the civilized world. These rules are to be found in the writings of publicists, in treaties, in decisions of prize courts and international tribunals, in State papers on disputed points, in proclamations of neutrality, and in manuals of war and other domestic documents issued by States for the guidance of their armed forces and subjects generally.

The conduct of the opposing forces in the Great War has indicated the need for the setting up of a definite body of international law, enforceable by means of a real sanction, and it is hoped that such sanction will be placed in the hands of the league of nations, which should ultimately take the place in international affairs that the sovereign occupies in municipal matters.

Just as the domestic law of a State deals, on the one hand, with rights, and on the other, with remedies and procedure by which the rights are enforced, so can international law be divided. The law of rights is the law of peace; it treats of peaceful communion between States, the accrediting of representatives, the delimitation of boundaries, the making of treaties, and the control of individual States over their own property and the persons of their subjects at home and abroad.

The law of remedies and procedure is the law of nations in time of war, that is, the law of belligerency and the law of neutrality.

The mass of detail from which international rules are drawn is so great that it cannot be adequately summarised in this article. It is sufficient to say that the rules which govern the relationship between subjects of belligerent States are rules of international law, but that each State incorporates these rules into its own municipal law and enforces them against its own subjects, thus by international usage, business relationships are broken off and trading with the enemy is forbidden under penalty of confiscation of property in trade, unless under the express licence of the traders' sovereign, whilst, apart from international law, the individual State may lay down municipal law for the guidance of its own subjects in times of war as in the case of the Defence of the Realm Acts and Regulations in operation from 1914.

**Conflict of Laws.** Conflict of Laws deals with the civil rights of people who are interested in the affairs of those who are resident in a State other than their own. These touch all the questions of domestic life and commercial undertakings. As far as domestic life is concerned, all that need be said upon the matter will be found in the articles on **DOMICIL** and **NATIONALITY**, and under the present heading there will be no attempt made to go beyond the rules which have been laid down as to

the jurisdiction of the courts of law, especially of this country, when members of independent States are concerned. It must not be forgotten that since the laws of England, Scotland, India, Canada, and South Africa are dissimilar in many respects, questions arising between persons who are domiciled (*qv*) in different parts of the British Empire have to be decided in exactly the same manner as those arising between an Englishman and a foreigner.

By international comity, when a valid judgment has been obtained in one country, it is generally enforceable in any other country if the proper procedure is adopted. It is, of course, assumed that the judgment is perfectly regular, and that the proper parties have been before the court. Thus, if a Frenchman obtains a judgment against an Englishman in France, and there is nothing to be said against the regularity of the procedure, the Frenchman can gain satisfaction in England if the Englishman has left France and taken up his abode in England. The foreign judgment is, as it were, a simple contract. It must, therefore, be sued upon within six years of its date, otherwise the Statute of Limitations may be pleaded in defence. A foreign judgment actually occupies a much inferior position to an English judgment. And just as a Frenchman can obtain satisfaction in England, so an Englishman can obtain satisfaction, under similar conditions, in France. The same thing is true, also, of most other civilised nations. In some countries restrictions are placed upon this rule, but it is not necessary to set out the practice of every other country. In general, whatever is stated in the present article has to do with English practice alone.

In order to ascertain whether a judgment can be obtained at all, it is necessary to inquire, first, whether the court can exercise jurisdiction. In some cases it is expressly precluded from doing so. For instance, no proceedings may be instituted against a foreign sovereign, an ambassador, a diplomatic agent, or any person attached to the suite of the ambassador or the diplomatic agent, unless the privilege attached to the position is expressly waived. But if an action is commenced by a privileged person in this country, the defendant can always set up a right of his own against the plaintiff by way of counterclaim (*qv*). Again, no action can be entertained in this country as to any question affecting rights connected with land situated abroad. This is on the ground of expediency, for so long as peace is existing between two countries, no judgment can be effective which interferes with the internal affairs of another, and it would be folly to pronounce a judgment which could only be a mere nullity. There is, likewise, no jurisdiction to entertain an action for the enforcement of the penal laws of a foreign country, especially those laws which have reference to the Revenue. Subject to these exceptions, the English courts will assume jurisdiction as to any property, movable or immovable, situated in England, and also as to the following—

- (1) Actions *in personam*.
- (2) Admiralty actions *in rem*.
- (3) Matrimonial causes, and those which relate to the validity of marriages and legitimacy.
- (4) Bankruptcy.
- (5) Administration and succession.

By an action *in personam* is understood an action which is directed against a particular person, with the object of compelling him to do a particular thing, or to pay damages for a breach of contract

or for a tort. In the parties to the action are both in England, an action may be commenced by service of a writ upon the defendant, no matter where the cause of action arose. If the writ is served, the action will go on. But it is always possible for the defendant to raise legal objections to the carrying on of the same, and if he can show good grounds for arresting the action the matter will drop. Thus, for example, in the case of a tort, it must be clear that the wrong complained of is not only actionable in England, but also is an act which is wrongful in the place where it was committed, provided that the tort was committed abroad. It is immaterial that both the plaintiff and the defendant are foreigners. The court will assume jurisdiction if called upon to do so.

But suppose the defendant is out of England, and the plaintiff in England wishes to take proceedings. No proceedings can be commenced except by the issue of a writ, and no service of the writ can be effected out of the jurisdiction of the English courts, except by its special permission. This permission is given in the majority of cases whenever—

(1) The whole subject-matter of the action is land situated within the jurisdiction (with or without rents or profits);

(2) Any act, deed, will, contract, obligation, or liability affecting land or hereditaments situated within the jurisdiction is sought to be construed, rectified, set aside, or enforced in the action;

(3) Any relief is sought against any person domiciled or ordinarily resident within the jurisdiction;

(4) The action is for the administration of the personal estate of any deceased person who at the time of his death was domiciled within the jurisdiction, or for the execution (as to property situated within the jurisdiction) of the trusts of any written instrument, of which the person to be served is a trustee, which ought to be executed according to the law of England;

(5) The action is founded on any breach or alleged breach within the jurisdiction of any contract wherever made, which, according to the terms thereof, ought to be performed within the jurisdiction, unless the defendant is domiciled or ordinarily resident in Scotland or Ireland;

(6) Any injunction is sought as to anything to be done within the jurisdiction, or any nuisance within the jurisdiction is sought to be prevented or removed, whether damages are or are not also sought in respect thereof;

(7) Any person out of the jurisdiction is a necessary or proper party to an action properly brought against some other person duly served within the jurisdiction.

Formerly it was also necessary to obtain leave to serve a writ upon a member of a partnership carrying on business within the jurisdiction if such partner happened to be abroad, for it is necessary in the case of a partnership that each of the members shall be served to hold them liable. But now it is specially provided by one of the Rules of Court that where persons are sued as partners in the name of their firm, the writ shall be served either upon any one or more of the partners or at the principal place, within the jurisdiction, of the business of the partnership upon any person having at the time of service the control or management of the partnership business there. Such services deemed to be good service upon the firm sued, whether any of the members thereof are out of the jurisdiction or not.

If the person to be served abroad is a British



subject, he is actually served with the writ. But if the proposed defendant is neither a British subject nor within the British dominions, he is not served with the writ, but notice of the same is sent to him.

It must never be forgotten that this service of a writ, or a notice thereof, is not a thing to be claimed as of right—it is to a certain extent discretionary. Any irregularity in the proceedings also will render the whole matter a nullity. From a careful examination of the rules set out above, it will be seen that no action for a tort can be commenced at all unless the defendant is within the jurisdiction of the court at the time of the service of the writ.

So much for actions *in personam*. An Admiralty action *in rem* is one that is brought in the Admiralty Division—one of the sub-divisions of the Probate, Divorce, and Admiralty Division—of the High Court of Justice. It is an action which is instituted against a ship or other *res*, such as the cargo or freight, connected with a ship. Its object is to satisfy the claim of a plaintiff against the ship or *res* by transfer, sale, or other mode of dealing. The foundation of the action is the arrest of the ship when it is within English waters, that is, within 3 miles of the English coast.

Little needs to be said as to matrimonial causes. The jurisdiction as to divorce is founded entirely upon domicile (*q.v.*). The English courts will entertain no authority unless the parties are domiciled here, and since the domicile of a wife is always the same as the domicile of her husband, no married woman can obtain a divorce in this country if, prior to the institution of the suit, her husband has changed his domicile. If the suit is for judicial separation only, and not for divorce, a wife is entitled to proceed if she resides in England, whatever the domicile of her husband may be.

The same is true, *i.e.*, the domicile is the main factor, in cases of administration and succession. But in no cases will the English courts attempt to exercise any jurisdiction in cases of this kind, any more than in ordinary actions, if immovable property situated in any country outside England is affected. And they can go no farther in the case of movable property than deciding the title to the same in particular cases. This applies also to bankruptcy.

It is obvious that most of the matters referred to in this article have to do with practice and procedure, and that, consequently, only the merest outline of the subject can be set out in the present work.

There is, however, one question of importance to be considered in the wording of contracts, when the parties are domiciled in different countries, and this becomes all the more difficult when the contract has to be performed in a third country. The English law upon the subject may be stated shortly as follows—

(1) No contract is valid in England, although valid in any foreign country, if its enforcement is contrary to an Act of Parliament or opposed to any English law of procedure.

(2) Capacity to contract is governed by the law of the domicile, except in the case of an ordinary mercantile contract, when the law applicable is that of the country where the contract is made, and, in a contract concerning land, when the law of the place where the land is situated prevails.

(3) The form to be observed is that of the country where the contract is made.

(4) In the absence of the expressed intention of the parties as to the particular law which shall

govern the construction of the contract, the following legal presumptions are applied—

(a) The law of construction is that of the country where the contract is made, especially when the contract is to be performed wholly in the country where it is made.

(b) The law of construction is that of the country where it is to be performed, when the contract is made in one country and is to be performed wholly or in part in another country.

(5) The validity of the discharge of the contract is to be governed by the law of the country which is held to be the proper law for the construction of the same.

There are certain particular contracts which have to be construed in accordance with rules which have long been well established. For instance, the contract of affreightment is governed by the law of the country to which the ship belongs, commonly designated the law of the flag. As to average adjustment (*q.v.*), the law applicable is that of the place at which the common voyage terminates. When the voyage is completed in due course, the law applicable is that of the port of destination. When the voyage is not so completed, the law applicable is that of the place where the voyage is broken and the cargo is taken out of the ship. An underwriter (*q.v.*) is bound by the average adjustment properly taken according to the law of the place of adjustment. But an English insurer of goods on board a foreign ship is not affected by the law of the flag.

As to bills of exchange which do not fall within the category of inland bills (*q.v.*), see FOREIGN BILL.

Lastly, as to agency. The law which is applicable to the construction of the contract which establishes the agency is that of the country in which the relationship between the principal and the agent is set up.

**INTERNATIONAL SECURITIES.**—(See INTERBOURSE SECURITIES.)

**INTERNATIONAL TRADE.**—The formation of the most intimate international relations is a notable feature of modern times; and trade relations have been most developed of all. The foreign trade of Britain was once confined to a few articles of great value in small bulk—in Norman times, for instance, the bones and other relics of saints formed a great percentage of our "imports" foreign trade as a regular thing was inconceivable. It now provides a vast and continuous stream of the commonest articles: of food stuffs and raw material, wheat from the middle of Canada, wool from the Antipodes. London with its millions is made possible only through the uninterrupted arrival of shiploads of supplies from the ends of the earth; Lancashire provides its workers with employment in producing England's chief export, because of the steady flow of raw cotton into Liverpool. Migration, the movement of people between countries, and commerce, the corresponding movement of goods, nowadays proceeds at a rate undreamed of in former days. This is palpable to all, and we may, indeed, exaggerate rather than under-estimate the importance of the fact. Even in a country such as ours, where foreign commerce is so highly developed, the domestic trade is of vastly greater import. It is not, however, so much before us, since statistics of its extent are rarely available as they are with respect to foreign trade. It is besides, taken for granted that, though one party in a domestic exchange may gain at the expense of the

other, yet it can hardly be at the expense of the community; whereas foreign trade may benefit the individual to the distinct loss of the community. The opium importer in China, the introducer of pernicious books in England, must in the interest of the whole be restrained in his pursuit of gain. The relative weight of home and foreign trade is an element in the problem of controlling trade; the benefiting of one trade by regulating overseas traffic may well have on other trades injurious effects, which more than balance the good. In a case where the external trade is the feeder of home trade this is obvious. If in the wish to encourage home industries, a duty is placed on foreign leather, the duty will enable the leather manufacturer to obtain higher prices for his commodity, and will undoubtedly furnish an incentive to the employment of labour and capital in the industry. Those workers, however, to whom leather is an indispensable raw material—the makers of boots, of saddlery, of bags and trunks, of machine belts and the like, the bookbinders and upholsterers—will be hampered by the restriction.

International trade is in its essence an extension to countries of the territorial division of labour. It economises effort by allowing each country to devote itself to what it is best fitted for. It is not an over-reaching by one nation of another, but is the source of mutual benefits: the natural and acquired aptitudes of one country are made of service to another. By division of labour within a community, the advantages of specialised production and diversified consumption are combined. Each man adds to public wealth most largely when he confines himself to one line; he obtains most enjoyment from public wealth when he spreads his consumption over a number of lines. Commerce contributes to countries like advantages. It means a more efficient employment of the productive forces of the world, a greater resultant of enjoyment for mankind from the same effort. It is clear that only by foreign trade can we obtain a supply of such commodities as cannot be produced at home; but why import from a distance things which we could produce at home without difficulty, and in any quantity? Why import wheat and export cotton and iron goods? Because our labour is relatively more effective in the production of iron and cotton than it is in the production of wheat. We import that in which we have the less comparative advantage; we export that for the production of which our circumstances are better fitted. A doctor does not shovel his own snow, though he may be more capable of doing so than the man he employs. The diversion of his time and energy from work in which he has extraordinary advantages to a task in which he has only ordinary ones would result in the doctor's loss. The case with countries is analogous. If we can produce woollens at half the cost of Sweden, and iron ore at three-quarters of the cost, it will pay us to import iron ore from Sweden and pay for it by woollens. We obtain the iron at a smaller cost than it cost Sweden; but they, too, gain, since the woollens would have cost them more than the iron with which they pay. Commerce is virtually a mode of cheapening production, of which cheapening the consumer ultimately gets the benefit. Between different countries, owing to distance, diversity of language, law, and customs, owing also to the force of inertia, profits and wages may long continue different. In spite of the international

movement of capital and labour, there still exists remarkable difference in the comparative costs of production; and this difference in the comparative cost is the sufficient motive to international trade.

An indirect advantage of foreign trade has latterly assumed great weight. Every extension of the market has a tendency to improve the processes of production. "One essential for cheap production is magnitude," said Mr Carnegie. "Concerns making one thousand tons of steel per day have little chance against one making ten." And in order that a large and steady output may be marketed, producers have not scrupled to resort to dumping and cutting prices, and the like "unfair" competition.

The above are the economical effects of commerce. The intellectual and moral benefits of widening the circle of exchanges and of affording people the means of rendering mutual services, are greater and higher than the cheapening of goods.

**INTERPLEADER.**—When each of two or more persons makes a claim upon goods which are in the possession of a third party, and this third party has no clear title to the same, a multiplicity of legal proceedings is avoided by this third party being permitted to retire and to leave the others to contest their claims between themselves. This species of legal procedure is known as interpleader. Although it is obvious that there must be many instances in which interpleader can arise, it is most commonly the outcome of an execution, when the sheriff (*q.v.*) or bailiff of the county court (*q.v.*) has seized the goods of a judgment debtor (*q.v.*) on behalf of a judgment creditor (*q.v.*), and some other person comes forward as the claimant of the goods seized. The sheriff is then generally permitted to stand aside, and is exonerated from any liability as to costs, whilst the claimant and the judgment creditor fight out the case to a decision.

**INTERROGATORIES.**—In law, during the course of the pleadings (*q.v.*) in an action—or in the case of county court proceedings, at any time before the trial—either the plaintiff or the defendant may obtain permission to deliver certain questions in writing to the adversary, which the latter must answer. The questions must be relevant to the matter in dispute; but in order that the privilege of putting these questions, which are called interrogatories, may not be abused, the permission of the court must be obtained as to the particular forms in which they are put, and, in the High Court, the interrogator is required to pay a minimum deposit of £5 before the interrogatories may be delivered. The answers must be made upon oath, i.e., they are sworn to before a commissioner for oaths.

**INTESTACY.**—A total intestacy occurs where a person dies without leaving a will at all. A partial intestacy also arises where a testator has omitted to dispose of the whole of his estate, or where he has made no residuary bequest, and some of the beneficiaries—the legatees named in the will—have died before the testator. When a person dies wholly or partially intestate the State decides how his undisposed-of property shall devolve. The rules of inheritance and distribution are applicable both to an estate wholly undisposed of by will, and to that portion of the estate which has not been effectually disposed of, even if there is a will in existence.

Where there is an intestacy, nothing can properly be done in the distribution of an estate until an

administrator (*q.v.*) is appointed. The administrator, when appointed, should first pay the funeral expenses and debts of the intestate out of the estate. He should then distribute the estate according as it consists of real property, or personal property (including leaseholds). The real property descends according to the law of inheritance, the personal devolves, in the first place, upon the widow and issue (subject to the Intestate Estates Act, 1890), and if there is no widow or issue, it is divided among the next-of-kin according to the Statutes of Distribution (*q.v.*). Under the Intestate Estates Act, where the deceased leaves a widow and no children, and the net value of the whole estate does not exceed £500, the widow is entitled to the whole; and where the value of the estate exceeds £500, the widow has a first charge upon £500. (See DISTRIBUTION, STATUTES OF.) An illustration is given in order to make the point clearer, and to show the effect of the Act. Upon an intestacy a widow is entitled in the case of real property in which her husband had more than an estate for life, *e.g.*, a fee simple or a fee tail, to what is known as "dower," that is, a life estate in one-third of the property, and this cannot be taken away from her unless there has been a declaration against dower in the deed of conveyance of the property to the husband, or unless it has been otherwise barred. It is immaterial whether there has or has not been any issue of the marriage. When the estate of the deceased consists of copyhold lands, the widow is entitled to what is known as "free bench," *i.e.*, a certain life interest in a part of the estate, an interest which varies with different manors. Until the passing of the Act of 1890, dower or free bench, supposing there was the right to either, was all the interest a widow of an intestate had in the real property of the deceased, and if there were no children of the marriage her share in the personality was limited to one-half, even though the value of the whole property was less than £500. Since 1890, the change made in the law may be illustrated as follows: Suppose a man leaves real property worth £1,000 and personal property worth £4,000. If he has died wholly intestate, the widow is entitled, first of all, to £500, one-fifth of which, namely, £100, comes out of the real estate, and four-fifths, namely, £400, out of the personal estate. She is then entitled to her dower, unless it has been barred, out of the remaining £900 of real estate, and to one-half of the remaining £3,600 of the personal estate. She thus receives £2,300 absolutely, and enjoys the interest arising out of £300 worth of the real property for her life. Until the £500 is paid to her, she is also entitled to interest upon that sum at 4 per cent. from the date of her husband's death until the money is paid. If there is issue, she takes only one-third of the £4,000 and dower in one-third of the £1,000. The widow's rights are in such case subject to the payment of her husband's debts.

Real property, by the Inheritance Act, 1833, includes land, manors, advowsons, messuages, and all other hereditaments, money laid out in the purchase of land, and certain other property mentioned therein; but for present purposes it is sufficient to take ordinary freehold land into consideration. Leaseholds, a very common interest in land, are personal and not real property. It should be remembered that land may be charged with "cuius" in favour of an intestate's surviving husband, in a like manner as with dower and free-bench.

Since the Land Transfer Act, 1897, the interest of an heir in an estate in fee simple is, in the first place, merely equitable, for he does not obtain the legal estate in the lands until they have been expressly conveyed to him by the deceased's administrator, but the title to succeed is, of course, traced in the same way as before the Act.

The rules of descent do not apply to a sole trustee or mortgagee of freeholds, which pass on death, notwithstanding any testamentary disposition, to the personal representatives, and not to the heir.

The rules of descent were settled by the Inheritance Act, 1833, and it is to be noted that "descent" has not the meaning that is ordinarily ascribed to it. It signifies the title to inherit owing to consanguinity. The heir may be either an ancestor or a collateral relation, as well as a child or other issue.

The rules of descent, subject to the customs of gavelkind and borough English in the parts of the country where they exist, are as follows—

(1) Descent is, in every case, to be traced from the purchaser. If the deceased himself bought the real estate, any rights to inherit must be traced from him alone; but the word "purchaser," like "descent," has a technical meaning, for it signifies in law the person who last acquired the land "otherwise than by descent, or than by any escheat, partition, or inclosure, by the effect of which the land shall have become part of or descendible in the same manner as other land acquired by descent." It will be seen, therefore, that if the deceased intestate had acquired the property under a devise by will, he is considered to be the purchaser, just as though he had bought it himself; and it makes no difference whether he is the heir of the person who made the devise, and would have succeeded in any case, even though there had been no devise. It is a presumption of law that the last person entitled to hold the land was the purchaser so as to trace the inheritance from him, unless it is proved that he inherited. Thus if A, a tenant in fee simple, who cannot be shown to have inherited the estate, dies intestate, leaving an eldest or only son, the estate will descend to the son, as heir-at-law to A. If the son dies intestate, and leaving no issue, the descent must be traced from A, the last purchaser, *i.e.*, the estate will descend to the next heir of A, whether he is also the heir of the son or not.

(2) Land descends, in the first place, in a direct line to the issue of the purchaser *ad infinitum*.

(3) Male issue is always preferred to female issue. And where two or more of the male issue are in equal degree of consanguinity to the purchaser, the eldest alone inherits; the females inherit all together. Thus A dies intestate seized of real property. He leaves two sons and three daughters. The eldest son, if living, takes the whole; if he has predeceased his father the land descends to his eldest son, and so on. But if the eldest son has died and left no issue, the second son occupies the same position as the eldest son would have done if he had been alive, and the second son's eldest son, if there is such, excludes all others if his father has predeceased him. If the sons are dead and their issue has failed, then the daughters succeed; but they take equally between them—the eldest has no greater claim than the youngest. In such a case the females are called co-parceners. They may, if they choose, effect a partition of the land between them, but they do not become purchasers by partition, and should any of them die without making a

will, the descent will be traced not from the daughter, but from her father, the original intestate purchaser.

(4) All lineal descendants *in infinitum* of any person deceased represent their ancestor, that is, they occupy the same position as the deceased himself would have done had he been living. This is known as taking *per stirpes*, that is, by the roots or stocks, as distinguished from *per capita*, that is, by heads or individuals. This may be explained by an example. Suppose that A dies and leaves grandchildren, the children of three daughters B, C, and D, who have predeceased him. Had the daughters lived the real property would have devolved equally upon them as co-parenters; but since they are deceased, the share of each devolves upon her children to the eldest son if there is one, equally amongst her daughters if there is no son.

The first four rules given above apply to estates tail as well as to estates in fee simple, but when the issue of the purchaser is exhausted the estate tail will determine. Not so an estate in fee simple, ancestors and collaterals are then admitted, and so the rule (5) is reached, which is, that on the failure of lineal descendants or issue of the purchaser, the inheritance goes to the nearest lineal ancestor. In other words, if there are no descendants of the purchaser, the ascendants succeed, and they are, as a rule, to be exhausted before collaterals come in. Thus, a father will always inherit in preference to brothers and sisters, and a grandfather in preference to first cousins, but not to brothers and sisters.

(6) Among lineal ancestors of the purchaser, the paternal line, whether of the purchaser, or of any ancestor, male or female, is always preferred to the maternal. None of the maternal ancestors of the person from whom the descent is to be traced, nor any of their descendants, is capable of inheriting until all his paternal ancestors and their descendants have been exhausted. No female paternal ancestor nor any of her descendants can inherit until all the male paternal ancestors and their descendants have failed. Again, no female maternal ancestor nor any of her descendants can inherit until all the male maternal ancestors and their descendants have failed.

(7) The issue of an ancestor *in infinitum* represents such ancestor. By means of this rule it is always possible for collaterals of the half-blood to come in, whereas before the passing of the Inheritance Act the half-blood could not inherit, e.g., a half-brother could never inherit, though a cousin of the whole blood, however distant, could. The place in the order of inheritance of a relative by the half-blood is now next after any relative in the same degree of the whole blood and his descendants where the common ancestor is a male, and next after the common ancestor where such common ancestor is a female. It will thus be seen that a brother of the half-blood on the paternal side inherits next after the sister of the whole blood on the paternal side, and her descendants, whilst a brother of the half-blood on the maternal side inherits next after the mother.

Rule (8) is not of much consequence, for it deals with a point that very rarely arises. It is that in the admission of female paternal ancestors the mother of the more remote male paternal ancestor is preferred to the mother of a less remote male paternal ancestor and her heirs, and in the admission of female maternal ancestors, the mother of the more remote male maternal ancestor and her heirs is preferred to the mother of a less remote male maternal ancestor and her heirs.

By the Law of Property Amendment Act, 1859, an additional rule has been provided, that—

"Where there shall be a total failure of heirs of the purchaser, or where any land shall be descendible as if an ancestor had been purchaser thereof, and there shall be a total failure of the heirs of such ancestor, then and in every such case the land shall descend and the descent thereof shall thenceforth be traced from the person last entitled to the land as if he had been the purchaser thereof."

This statute provides for a case like the following: A purchaser dies intestate, leaving one son and no other relatives. If the son also dies intestate without issue the heirs of the purchaser will have wholly failed, and the land would formerly have escheated to the Crown, or an immediate lord, but there may be relatives of the son on his mother's side, and such relatives are now competent to inherit.

The table on the next page shows who is the heir in the cases where the question has most frequently to be ascertained.

As regards the devolution of personal property on intestacy, see DISTRIBUTION, STATUTE OF.

**INTIMIDATION.**—This is an offence which consists in wrongfully putting a person in fear, in order to compel him to do or to abstain from doing a certain thing which he has the right either to abstain from doing or to do. It is not really necessary that there should be any actual physical violence offered, but the person intimidated must be put into fear of bodily harm by means of coercion, threats, menaces, duress, etc. Similar acts threatened towards the wife or child of a person may be intimidation. Any contract entered into through means which do not leave one of the parties a free mind is absolutely void.

Intimidation is also a criminal offence under the Conspiracy and Protection of Property Act, 1875, and a person convicted of the offence is liable to a penalty of £20 or three months' hard labour.

**IN TRANSITU.**—This is a Latin phrase, which signifies in course of transmission, or on the way. (See STOPPAGE IN TRANSITU.)

**INTRA VIRES.**—A Latin phrase, signifying "within the powers." The expression is generally met with in connection with corporate bodies, whose powers are strictly confined within the limits prescribed by their charter of incorporation or the document which establishes them, e.g., the memorandum and articles of association of a joint stock company. Any act done *intra vires* is legal; an act done beyond the powers conferred is said to be *ultra vires* (*q.v.*), and is null and void.

**INTRINSIC VALUE.**—This is a phrase very frequently met with, but which has, in reality, no meaning whatever. The value of anything is what it can be exchanged for, and if it cannot be exchanged for anything, it has no value. An article may have an intrinsic virtue, which is a totally distinct thing. Money is frequently said to have an intrinsic value, i.e., a value within itself. But in any country or place where there are no inhabitants, money could not be exchanged for anything, and in such a case it would be absolutely without value.

**INVENTORY.**—This is the name given to a list of goods, furniture, stock, etc., found upon certain premises. If a furnished house is let, a list is always drawn up of the goods which are in the house, and two copies are invariably made, for the sake of comparison at the end of the tenancy. When a

| <i>If the Intestate leaves only—</i>   | <i>The Freehold Property goes to—</i>  |
|--|--|
| Wife and no blood relations .. .. .  | Crown, if freehold; the lord of the manor, if copyhold or freehold part of a manor.  |
| Wife, sons, and daughters .. .. .  | Eldest son.  |
| Wife and daughters .. .. .   | Daughters as co-parceners. If one daughter only, whole to her.   |
| Wife and grandchildren .. .. .   | Eldest son of eldest son of deceased. In other cases, see 'Rule 4.   |
| Wife and father .. .. .  | Father.  |
| Wife and grandfather (father being dead)   | Grandfather.   |
| Wife and mother (no relations on father's side) .. .. .                          | Mother.  |
| Wife, mother, brothers, and sisters .. .. .                                      | Eldest brother.  |
| Wife, mother, nephews, and nieces (issue of brothers and sisters) .. .. .        | Heir of eldest brother.  |
| Wife, mother, nephews, and nieces (issue of deceased sisters) .. .. .            | The heirs of each sister, according to their respective shares as co-parceners, if they had lived. The eldest son of any sister takes the whole of his mother's share. The daughters of any sister, if there is no son, divide their mother's share between them   |
| Sons and daughters, by one or more wives, or by one or more husbands .. .. .     | Eldest son.  |
| Sons and daughters by one or more wives (or husbands), and grandchildren .. .. . | Eldest son, or eldest son of such eldest son, and so on <i>ad infinitum</i> , if the chain of succession is incomplete. The second son and his male descendants come in when the eldest son and his descendants fail. And so on with the rest. The daughters and their issue do not inherit until the issue of their brothers is completely exhausted. |
| Daughters, by one or more wives (or husbands) .. .. .                            | Equally amongst them. If any daughter has predeceased the intestate, her share goes to her issue, if any, the whole of it to her eldest son; and, failing him, equally amongst her daughters.  |
| Husband and sons .. .. .   | Eldest son.  |
| Husband and daughters .. .. .  | Equally amongst daughters.   |
| Husband, sons, and daughters .. .. .   | Eldest son.  |
| Husband and grandchildren (sons and daughters of deceased children) .. .. .      | Eldest son of eldest son.  |
| Husband and grandchildren (daughters of an only daughter) .. .. .                | Equally amongst the grandchildren  |
| No wife or descendants .. .. .   | Lineal ancestor on father's side.  |
| Father, mother, brothers, and sisters .. .. .                                    | Father.  |
| Mother; no heirs on father's side .. .. .  | Mother.  |
| Mother, brothers, and sisters .. .. .  | Eldest brother.  |
| Mother and sisters .. .. .   | Sisters equally as co-parceners.   |
| Nephews and nieces by brothers and sisters .. .. .                               | Eldest son of eldest brother.  |
| Nephews and nieces by sisters .. .. .  | Eldest son of any sister will take sister's share, even though he has sisters of his own. The daughters of any sister, if they have no brothers, will take their mother's share equally as co-parceners.   |
| Cousins .. .. .  | The eldest son of the eldest brother of the intestate's father. Otherwise the heirship is discovered as in the previous examples.  |

distress is levied, an inventory is always made of the goods or chattels which are seized. Again, an inventory is always required to be attached to such documents as bills of sale, hire-purchase agreements, marriage settlements, etc. Lastly, it is the duty of an executor or administrator to make a complete inventory of all the goods, chattels, wares, and merchandise of his deceased testator or intestate.

**INVESTMENT.**—Money which is put out at interest in some fund or company, or which is laid

out in the purchase of land, houses, or other property.

**INVESTMENT OF RESERVE FUNDS.**—(See RESERVE FUNDS, INVESTMENT OF.)

**INVISIBLE EXPORTS.**—In considering the trade returns of this country, it will be understood that they do not include payment for certain services rendered. These services are known as invisible exports, and, naturally, have to be paid for as well as goods. Great Britain claims payment for many

services in the form of freight charges, insurance premiums, and interest on loans and investments.

**INVOICE.**—An invoice is a written statement giving particulars of the quantity, weight, price, description, etc., of the goods sold or consigned to another person. Every commercial house has its printed or engraved form of invoice into which the details are filled when the invoice is made out. An invoice is usually despatched on the same day as the goods are forwarded and should contain particulars of the route, carrier, railway company, or vessel, and state whether carriage "paid" or "forward." The terms of payment and discount should be also noted on the invoice.

The following is a specimen of an ordinary invoice such as would pass between one firm and another in this country—

*Telegrams.*  
"Carbondon," London. 25, Queen Victoria Street,  
London, E.C.  
31st May, 19 .

MESSRS. BROWNING & SHAW, LIMITED,  
20, Moorgate Street, E.C.

To the CARLTON PAPER PULP CO., LTD. Dr.  
Terms : Monthly

|        |                         |          |        |         |  |
|--------|-------------------------|----------|--------|---------|--|
| 13 B/s | 26 Rms. S.S.S.C.        |          |        |         |  |
|        | Printing 30 1/2" x      |          |        |         |  |
|        | 44 1/2" 516/90 lbs. . . | 13 1 1/2 |        |         |  |
|        |                         |          | 17 1 3 |         |  |
|        | 5%                      |          | 17 1   | £16 4 2 |  |
|        | per L. & N.W. Rly. Co.  |          |        |         |  |
|        | to S. Thompson & Co.,   |          |        |         |  |
|        | Birmingham              |          |        |         |  |
|        | Carr. Paid.             |          |        |         |  |

An invoice sent on the same day as the goods fills the office of an advice note, and should be checked by the consignee immediately the goods come to hand.

A *pro forma* invoice, that is, an invoice made out for form's sake, is sometimes sent when an order is received from a new customer who has not supplied the customary trade references. This is understood as an intimation that the goods will be despatched immediately the invoice is paid. A *pro forma* invoice is also used to indicate to a merchant the probable cost of goods enquired for, including carriage and all other charges.

Foreign or export invoices usually differ in form from inland invoices, as will be seen by the example in the next column.

There are various kinds of foreign invoices named according to whether the charges are included in the price of the goods or whether they are charged separately on the invoice. The following example is known as a Loco invoice, because it gives the local cost of the goods, the additional charges to be paid by purchasers being added.

The other forms of foreign invoices may be briefly enumerated as follows—

**F. A. S.** A Free Alongside invoice covers the cost of the goods and all charges up to their being placed alongside the ship.

**F. O. B.** (Free on Board). The price of the goods in this invoice includes all charges until the goods are placed on board ship.

**C. and F.** (Cost and Freight). All charges, except insurance, up to the time of goods reaching port of destination, are in this case included.

**C. I. F.** This is the same as C. and F., with insurance added.

**Franco Invoice.** All charges until the goods reach the door of the purchaser are included in this invoice.

Franco invoices are generally made out in the currency of the country to which the goods are being consigned.

Consular invoices are dealt with in a separate article.

Invoice of goods shipped by WATSON BROS., Manchester, to Messrs. Gourka & Co., Calcutta, per ss. *Empress*

31st May, 19 . . .

|   |     |    |    |
|---|-----|----|----|
| 24 pcs 26 1/2" Artificial Silk  | £   | s. | d. |
| C/1164 1,113 yards @ 7 1/2  |     |    |    |
| 6/48, 5/47, 6/46 1/2, 5/45, 2/43  | 35  | 18 | 10 |
| 2 1/2% discount . . . . .   |     | 17 | 11 |
|   | 35  | 0  | 11 |
| Charges —   |     |    |    |
| 1 Case Packing . . . . .  | 15  | 6  |    |
| Carriage to Liverpool and freight to Calcutta, 18 ft. 6 in. @ 25/- and 10 % . . . . . | 12  | 9  |    |
| Insurance @ £40 @ 15/- and stamp . . . . .  | 6   | 3  |    |
|   | 36  | 15 | 5  |
| Commission 2 1/2 % . . . . .  |     | 18 | 5  |
|   | £37 | 13 | 10 |

# INVOICE DEPARTMENT, ORGANISATION OF.

—Many matters of organisation of the various departments of an office or business are dealt with in the articles on business organisation throughout the Encyclopædia. The following remarks refer particularly to invoicing, which is one of the processes of business—a process which belongs to the recording function.

**What an Invoice is.** An invoice is a record of goods bought—a memorandum handed to the purchaser by the seller when a sale and purchase is completed. The motive which has led to the custom of issuing invoices springs from the need of the purchaser to have a documentary evidence of his title to the goods. The property or ownership in the goods passes from one person to another immediately there is mutual agreement to buy and sell. Unless there is an understanding or trade custom to the contrary, the ownership passes without waiting for actual payment. A bona fide purchaser can therefore quite legally sell newly-bought goods immediately he has acquired a legal title, without waiting until he has paid for them. The invoice, whether received or not, is therefore corroborative evidence that the sale has taken place. When an invoice is sent to the purchaser before the goods are delivered, it is evidence of the seller's intention to deliver.

The buyer also needs to have a receipt to show that he has paid for the goods. Hence in all cash transactions and in many credit ones (after payment) the invoice itself is created into a receipt. Under the laws of most civilised States the production of a receipted invoice is *prima facie* evidence that the ownership of the goods has completely passed to the buyer. A copy of the invoice is in nearly every

kind of business indispensable to the seller. If the goods are supplied on credit, the seller must have a record of what was sold in order that he may, in case of dispute, prove his claim for payment. Even in "ready money" transactions, as for instance, in the retail drapery business, a copy of the invoice serves many useful purposes. It enables the totals of the daily sales to be recorded and checked, it enables the proprietor to gauge the abilities of each salesman, and where a business is divided departmentally it enables the departmental totals to be readily ascertained. In some businesses invoices are carefully dissected and sales checked against the stock records. This is especially desirable when the selling price of the goods is considerable. The invoices, for instance, of a fountain pen business would account for every pen that goes out of stock. A wholesale potato merchant, on the other hand, could not expect to reconcile his invoiced sales with his stock records because the labour of weighing the potatoes exactly would not be justified. In those retail businesses, therefore, where it is difficult to record exact quantities, invoices are not commonly used except for credit sales.

**Modern Invoicing.** A modern tradesman adopts many devices to reduce invoicing to a minimum. One of the most familiar of these devices is the use of the cash register which provides a printed receipt for money paid. It is true that the motive which leads a tradesman to install a cash register is usually to safeguard the cash itself and to record the takings of the salesman or the department, but to the buyer the receipted ticket is an effective substitute for a written invoice. Sellers also save clerical labour by the use of abbreviations and trade jargon and by persisting in the use of weights, measures, and prices which are convenient to particular trades. It suffices to enter in some recognisable form, the date, quantity, description and price of the goods. The "narrative" should, however, be sufficient to enable a repeat order to be executed.

**Invoice Form.** The shape and form of an invoice is seldom left to chance and on the same business invoices of different sizes may be provided. When goods are commonly sold in single lines, as for instance, tailoring or jewellery, an oblong form of invoice is favoured. In wholesale businesses where many lines of merchandise form part of an order, the upright and narrow forms are preferred. Two sets of essential facts are required on an invoice. One set of facts is usually printed and gives the name of the seller, his address, occupation, trade mark, telephone number, etc. It is usual also to print the terms of payment and sometimes the conditions of sale. The terms of payment may vary from the curt "net cash" to a carefully drawn up statement that payment is to be made in sterling exchange in London in so many days or so many months. Among the conditions of sale it is quite common to specify that no allowance with respect to the invoice can be made after so many days. In trades affected by labour troubles, a "strike clause" is often incorporated.

A development of the form of the invoice which has nothing to do with the recording function is the attempt that is often made to give the invoice itself a note of distinction as a document. Two motives are discernible here—convenience and advertisement. It is a convenience for the buyers' book-keeper and for his filing clerk to be able to

distinguish your invoice among a mass of others. It is also an advertisement for your business to be so reflected in the appearance of the outgoing document that the buyer unconsciously associates the quality of your goods and the excellence of your service with a glance at your heading. Printed statement forms which furnish monthly summaries of a series of invoices should be designed in corresponding style.

**Producing an Invoice.** Methods of producing invoices vary, but with the introduction of the modern billing machine and the relative cheapness of clerical labour as against the relative cheapness of paper and print, the method of producing invoices is undergoing a change. Old-fashioned methods of invoicing still survive and are not likely to go out of use. In a wholesale warehouse, for instance, selling diversified articles to a large number of customers, the following method is commonly adopted. A salesman "serving through" has accompanied his customer from department to department, entering the purchases in his note-book. Later on he writes up the list in the form of dispatching instructions. With the dispatching list in hand, a junior collects the goods and they are assembled in the packing room. Raised above the packing table is a long desk with three or four clerks. One holds the dispatching sheet, and checks it off as the packer picks up and calls out the goods. On hearing the goods called out, the second clerk enters them on an invoice form and simultaneously the third clerk enters them in the goods sold book and the fourth clerk enters them in the ledger. All the records are simultaneously checked by calling over, while the packing is being completed.

With the introduction of the "billing" machine which, by one writing makes all the copies required, an entirely different system of invoicing is coming into vogue. From the salesman's order sheet the billing clerk typewrites the invoice, extends the prices and totals the bill. The totals are added mechanically by the machine itself. The billing machine makes out the invoice and the record copy thereof, it also addresses the label for the packet, the envelope for the invoice, the dispatching advice, and the dispatching instructions. The two latter are on sheets narrower than the invoice form and the prices do not appear thereon. The billing machine also, combined with the loose-leaf ledger, can make the entries in the sales book and in the ledger itself at the same time. It is possible, indeed, to arrange the billing machine so that entries can be made into a bound book.

The use of the billing machine requires that all the goods enumerated on the sales sheet are available for dispatch. Items marked by the salesman or stock-keeper "to follow" can be typed by a separate operation on an "advice to follow" note, and a copy of this becomes a new sales memorandum when the goods are ready for dispatch. By another system of recording one of the copies of the invoice is regarded as a specialised ledger sheet. The entry on each sheet necessarily relates to single sales (or to a group of sales) and an additional column is provided for bringing forward the totals as debits from page to page. A narrow credit column is either provided on the right, or it is assumed that the credit columns are on the back of the sheet. This method is particularly adapted to those businesses which sell single lines on credit to a large number of customers or for instalment

systems. It is usually associated with a method of perpetual balancing, shown after each fresh entry in a balance column. The account balances when required are totalled on an adding machine and the totals of the day's invoices can be compared or reconciled with the daily sales totals and cash receipts. Invoices are also nowadays often typewritten without forming part of a modern recording system. From a carbon copy the transactions are entered in the sales book. The carbon copy bears the sales book folio and is retained temporarily in a "pending" file until the monthly statements are made from the copies and compared with the ledger postings. When the account is paid the copies are filed. An invoice is often provided with more than one set of cash columns. When two are provided, the left column is commonly used for the details of credits or deductions. When there are three columns they are used to distinguish between charges which are net and those subject to specified discounts. An endeavour is made to make each invoice complete in itself. If there are charges for instance, for packing and carriage, these are entered after the last items and included in the total.

**Discounts.** With regard to discounts the practice varies very much. The one invariable rule is that cash discount is not shown deducted on an invoice unless and until the cash is paid. Trade discounts may or may not be deducted by the invoice clerk. Such discounts are computed on the value of the goods only before the incidental charges are added. It is obviously not possible to allow discount on an amount paid out for carriage. In some lines of business quotation discounts are in use. The price of galvanised wire netting, for instance, varies with the price of both iron and zinc. Hence the catalogue quotation for netting may be, say, one shilling a yard, and the periodical discount sheet shows "less 5 less 5 per cent." This does not mean that 40 per cent is to be deducted from the price, but that 45 per cent is taken off first and 5 per cent off the remainder. Surcharges also sometimes appear on an invoice. It may happen that the price of raw material advances so much that the standard quotation of 1s. a yard needs to be increased by 10 per cent instead of being diminished by 35 per cent. In such a case the words "plus 10 per cent" are written beneath the total line and the premiums added to the bill. Sometimes there is both a premium and a discount. During the war period, for example, printer's stereotypes were charged "plus 33 1/3 per cent, plus 10 per cent, less 10 per cent." The calculation of discounts is facilitated by reference to discount table books, or by means of a slide rule.

**Organisation.** In a big modern business two separate functions arise in regard to the invoicing process. There is the preparing, checking and entering of outgoing invoices, and the checking, entering and paying of incoming invoices. In a small business the same clerk may perform both functions. In a big business the clerk who prepares outgoing invoices is a liaison officer between the sales and book-keeping staffs. He must know the names, prices and quantity-units of his firm's goods. He must be "quick at figures" in order to extend the amounts and sum the totals, and he must know something of the principles and practices of book-keeping. Familiarity with his firm's method of granting credit and collecting accounts, and with the routine of transportation and insurance are also needed in specialised lines of business.

The clerk who handles incoming invoices is a link between the purchasing and book-keeping departments. He is responsible for seeing that all goods invoiced to his firm have been received in good condition and in full quantity. He must compare the quoted with the invoiced prices, check the extensions and the totals, and be able to calculate and deduct all discounts and allowances.

**Credit Notes.** If an undercharge is discovered on an invoice it is rectified by sending an "amended" invoice. If an overcharge is claimed by the buyer a credit note is prepared. A credit note is usually on a special form printed in red or distinguished in some similar way from the invoice. It is necessary on a credit note to recharge any discounts which have been allowed on the original invoice.

**INVOICING.** (See SHIPPING GOODS ABROAD, INVOICE DEPARTMENT, ORGANISATION OF.)

**IODINE.**—A chemical, non-metallic element, at one time prepared by boiling kelp or seaweed ash, in order to extract the iodide deposited by the sea water. On further treatment with sulphuric acid and manganese dioxide, the iodine distilled over, and was condensed in earthenware receivers. Iodine is now prepared chiefly from the iodate of sodium, which is associated with nitrate of sodium in native Chili saltpetre. In its purest state it is a black, crystalline solid, soluble in alcohol and more so in chloroform, the solutions being brown and violet respectively. It has a peculiar odour and a bitter taste. It is useful in medicine as an external remedy, and is much used in photography and in the preparation of aniline dyes.

**I.O.U.**—A memorandum of debt, a convenient way of writing "I owe you." It is in no sense a negotiable instrument, but a simple acknowledgment of a debt. For all practical purposes, however, it is as valuable as a negotiable instrument, when there is a question of suing for a debt which has been created between the parties to it.

This kind of acknowledgment is extremely common, and its form is quite stereotyped. It is usually met with as follows—

*London, January 1st, 19.*

*To Mr. Alfred Thompson.*

*I.O.U. £100*

*John Jones.*

The amount is frequently inserted in words as well as in figures.

When there is a debt existing or alleged to exist between parties, and the debt is affirmed on one side and denied on the other, the evidence of the plaintiff, other things being equal, is of the same weight as that of the defendant; and since the plaintiff must prove his case, he runs the risk of being non-suited in the absence of corroboration. The existence of any documentary evidence then becomes valuable. In an action to recover money lent, the production of an I.O.U. by the plaintiff, signed by the defendant, is evidence of an account stated (qv) between the parties, though not of the amount of money lent. A defendant may give evidence as to the amount if he chooses, but he is hardly likely to be credited with such a document, proved to be in his own handwriting or bearing his signature, confronting him.

As the I.O.U. is merely evidence of a debt, it does not require any stamp. And it is not advisable that it should be worded any differently from the above example.

If words are added making a promise of payment at a particular time, it might be construed as a



promissory note. It could then not be given in evidence at all, as a promissory note must be stamped before it is made. And, in addition, the inclusion of certain other words might convert it into an agreement; and when the amount for which the acknowledgment is given exceeds £5, an agreement stamp would be necessary. There is less difficulty, however, if the instrument is held to be an agreement rather than a promissory note. An agreement may always be stamped after its execution up to fourteen days, with an ordinary agreement stamp, and afterwards upon payment of the prescribed penalty. A promissory note can never be stamped after the date of its issue.

The names of the creditor and the debtor should always appear. This will prevent difficulties. If the name of the debtor alone appears, there will be a *prima facie* presumption that there is an indebtedness on his part to the person who produces the IOU. This presumption, however, is capable of being rebutted, and it is always open to the debtor to show that he was never indebted to the holder, but that the latter has obtained the document from the real creditor. If that is so, and the debt has not been legally assigned (see ASSIGNMENT OF DEBT), the holder cannot succeed in his action.

**IPECACUANHA.**—The *Cephaelis Ipecacuanha*, a native of Brazil, and now cultivated in India and Ceylon. It is valuable for its brownish root, which is much used in medicine, either as a powder or as a wine, particularly for dysentery, asthma, and croup. The active principles are emetine and cephaeline. The name is a Brazilian word, referring to the plant's properties as an emetic. The imports come mainly from Rio Janeiro and Buenos Ayres.

**IRELAND.**—**Position, Area, and Population.** Ireland lies to the west of Great Britain. It is separated from Scotland by the North Channel, from England by the Irish Sea, and from Wales by the St. George's Channel. To the west stretches the Atlantic, the narrowest part of which, between St. Johns, Newfoundland, and Valentia Island, is little more than 1,600 miles.

It has an area of 32,559 square miles, and had a population of 4,390,219 at the last census (December, 1911).

The easternmost point in the peninsula of Ards is in 5½° W. longitude due north of the westernmost point of Wales. The furthest point west, 10½° W. longitude, stands further out into the Atlantic than any portion of the continent of Europe, Coruña in Spain lying due south of Cork. Malin Head in the north is 55½° N. latitude, while the furthest point south is 51½° N. latitude, due west of London.

Lying between the most important parts of Great Britain and North America, the quickest routes connecting these pass through Ireland to Queenstown in Cork Harbour. From London and the south, the most direct route is via Fishguard in Pembrokeshire and Rosslare in County Wexford. This is a comparatively new route, and much traffic still goes via Holyhead and Dublin, which is the most direct for the Midlands. From Scotland, the shortest route lies through Stranraer and Port Patrick in Wigtownshire to Larne in Antrim. Steamers for Canada from the Mersey and the Clyde pass round the north of Ireland, and for these the main port is Moville on Lough Foyle. For the Canadian ports, especially those on the St. Lawrence, Galway on the west coast offers considerable advantages, and proposals have been made for converting it

into a port for American traffic. This would shorten not only the sea voyage, but also the railway journey, the present mail route between Dublin and Cork being very circuitous.

**Surface.** Much of Ireland is plain; the Central Plain being the largest stretch of lowland in the British Isles. The mountains are generally near the coast, so that there is some fine coast scenery, as where, at Slieve League in Donegal, the cliffs rise sheer to a height of 1,900 feet above the sea.

The highest point in the country is in the Kerry mountains of the south west, where Carn Tuol, in Macgillicuddy's Reeks, is 3,422 feet high, or rather less than Snowdon. Most of the mountains, however, are more like the hills of Devon and Cornwall than the mountains of North Wales.

The finest harbours round the coast are those of the west, those of the east, which are the important ones, being generally poor.

Much of the surface of Ireland is composed of limestone, a rock that is quickly acted on by water, so that large depressions are formed, giving rise to numerous lakes. The effects of the ice age are seen in the number of lakes formed by the blocking of river valleys by moraines, or heaps of debris left by the glaciers; and in the sheets of boulder clay in the lowlands which, by preventing the downward draining of water, give rise to bogs. The largest of these bogs is the Bog of Allen, lying chiefly in Queen's County and Kildare, large areas of which have been drained. The bogs among the mountains are of the type usually found in such districts. The presence of so much bogland in Ireland is possibly due as much to historical as to geographical causes. In most of the countries of western Europe, most noticeably, of course, in the Netherlands, and in the Fens of Eastern England, areas of such waste land have been brought into cultivation, a process which the perpetually disturbed state of Ireland in the past rendered impossible.

**Rivers, Canals, and Lakes.** The largest of the Irish rivers is the Shannon, which, rising in Ulster, flows southward to Limerick, and then westward to the sea. Lough Allen near its source is 167 ft. above the sea, and Killaloe at the southern end of Lough Derg 117 ft., a drop of about 50 ft. in 115 miles. Throughout this distance the river is navigable, and flows through flat country which, with its tributaries, it frequently floods. Below Killaloe it drops nearly 100 ft. in 17 miles by falls and rapids which cut off communication with the sea.

All the other large rivers are navigable from the sea, and have ports at their mouths. Many of them, too, are on account of the low watersheds between them, connected by canal. The total length of the Irish Canals is 848 miles, of which 95 miles are controlled by railways. The principal are—

*The Royal Canal*, 98 miles long, from Dublin, north of the Liffey, via Maynooth to the Shannon, with a branch to Longford.

*The Grand Canal*, 166 miles long from Dublin, south of the Liffey, via Philipstown and Tullamore to the Shannon, across which it passes to Ballinasloe. A branch from this connects with Athy on the Barrow.

*The Erne and Shannon Canal*, from Leitrim on the Shannon to the Upper Lake.

Besides the Shannon lakes, there are the lakes of the Erne—Lough Erne and Upper Lough Erne,





which together make up half the length of the river. The western peninsula of Connaught is marked off by a line of lakes, Lough Coun draining to the north and Loughs Carra, Mask, and Corrib to the south, the last being in direct communication with the sea. The rectangular Lough Neagh, 56 ft. deep, with an area of 152 square miles, forms part of the river Bann, and is the largest lake in the British Isles.

• **Climate and Vegetation.** Lying in the track of the prevailing westerly and south-westerly winds, and immediately bordering the ocean over which they blow, Ireland has an oceanic climate, mild, equable and damp. On parts of the western coast the difference between the mean temperatures for the warmest and coolest months is barely 14° F. The number of rainy and cloudy days is also large. The east coast has warmer summers, cooler winters, and less rain. Some of the most favoured parts of the country lie to the east of the mountains, and are, therefore, sheltered from excessive rain. Such are parts of the Golden Vale, sheltered by the mountains of Kerry, and the coast strip of County Wicklow, where Bray enjoys much drier climate than most Irish towns.

The mildness of the climate during winter has an important economic result, for the grass continues to grow then, so that it is suitable for cattle all the year, while in England, especially in the east, roots for winter food are necessary.

The chief cereal grown is oats, for which the climate is specially suitable, and next comes barley, and then wheat. There are but few spots where wheat will ripen, but here, as in Scotland, the average yield per acre is higher than in England, and much higher than in Wales.

Despite the great difference in population, the area under potatoes is larger than in Great Britain. The yield per acre is less, however, as is also the total crop. Hay is another important crop, yielding about two-thirds the quantity that England produces. Flax is grown in the British Isles almost exclusively in the north-eastern section of Ireland.

**Animals.** There are about 4,750,000 of cattle, 4,000,000 sheep, 1,250,000 pigs, and 500,000 horses kept throughout the country.

**Fisheries.** Sea fishing is not pursued on a large scale in Ireland as in England and Scotland, the catch being taken almost solely to supply local or individual needs.

**Minerals.** The most valuable minerals worked in Ireland is building stone of various kinds, the principal varieties being granite from Wicklow, Donegal, Galway, and Newry, and marble. There are several varieties of the latter, black being found in Galway, red in Cork, and green in Connemara.

Coal is mined to the extent of a little over 100,000 tons per annum, the principal deposits being the anthracite near Castlecomer, on the borders of Queen's County and Kilkenny. In the north there are small deposits of soft coal in Leitrim, Tyrone and Antrim.

Iron is mined in Antrim and, to a small extent, in Donegal. Lead, silver, copper, zinc and gold are all found in small quantities among the hills, especially those of Wicklow, but there is no regular output. Antrim has beds of rock salt in the south, and also deposits of bauxite, the only ore of aluminium found in the United Kingdom.

• **Industries and Occupation.** The numbers engaged

in various occupations, in the Census of 1911, were as follows:—

|                               | Male.     | Female    | Total.    |
|-------------------------------|-----------|-----------|-----------|
| Professional Class            | 103,603   | 37,531    | 141,134   |
| Domestic "                    | 25,831    | 144,918   | 170,749   |
| Commercial "                  | 101,396   | 9,747     | 111,143   |
| Agricultural "                | 721,669   | 59,198    | 780,867   |
| Industrial "                  | 434,699   | 178,698   | 613,397   |
| Indefinite and non-productive | 804,850   | 1,768,079 | 2,572,929 |
| Total ..                      | 2,192,048 | 2,198,171 | 4,390,219 |

**Divisions and Commercial Centres.** Ireland has been divided into four provinces—Ulster in the north, Leinster in the east, Connaught in the west, Munster in the south-west—from the earliest times. The first half of the course of the Shannon forms the boundary between Connaught and Leinster, then for a short distance that between Connaught and Munster, in which the whole of its lower course lies.

Except where, in the north-east, the linen manufacture is carried on, nearly all the towns of Ireland are merely market towns, the centres of agricultural districts. Kilkenny, the largest of these latter, has a population of about 11,000, but the majority have only 5,000 or less.

**ULSTER.** The counties of Ulster are; Donegal, Londonderry, Antrim, in the north, Fermanagh, Cavan, Monaghan, Armagh, Down, in the south, and Tyrone in the centre.

**Belfast** (387,000), 100 miles north of Dublin, lies on the Lagan, at the head of Belfast Lough. It is the largest town in the country, and the chief industrial and commercial centre, many of the outlying industries having their offices here. It is connected by boat with all the principal ports on the west of Britain, with London and Leith on the east, and with Rotterdam. Its distance from Fleetwood is 118 miles. The leading industry is shipbuilding, in which about 28,000 men and boys are engaged. Harland and Wolf, on Queen's Island, the makers of some of the largest ships in the world, are the leading firm. The industry depends largely on the coal from Scotland and Cumberland, and the iron and steel of Barrow.

The linen industry, which employs nearly as many persons, is the second in importance, and owes its existence to the growth of flax in the neighbourhood, the situation near the sea, and the quality of the water of the Lagan for bleaching and dyeing.

There are large factories for the preparation of bacon and ham. Eight thousand persons are employed in printing, bookbinding and kindred occupations, and about 5,000 in the distilleries. Much machinery also is made, for use in the various industries. Of the smaller industries, tobacco is the most important, others being flour milling, tanning and the manufacture of leather goods, and biscuit making.

**Londonderry** (41,000), on the Foyle, has large distilleries, and an extensive underclothing industry, 5,000 persons being occupied in the shirt trade alone.

**Coblenz** (8,000), near the mouth of the Bann, is a linen town, making principally shirts, collars, and

cuffs. It also has some distilleries, and makes agricultural implements.

*Carrickfergus* (4,200), on the north side of Belfast Lough, about 10 miles from Belfast, is engaged principally in the bleaching and dyeing trades. It also deals in salt, which is found in the neighbourhood.

*Lisburn* (12,000) on the Lagan, above Belfast, is also engaged in bleaching and dyeing, and has large boot and shoe factories.

*Lurgan* (13,000) near the south-eastern corner of Lough Neagh, makes handkerchiefs principally. In the surrounding districts, lace, embroidery and other hand industries are carried on in the homes of the workers, and for these it is the collecting and distributing centre.

*Portadown* (12,000) to the south-west, has similar industries, and prepares peat moss litter.

*Newry* (12,000) on a small stream entering Carlingford Lough, is engaged largely in the spinning and weaving of flax, while granite in the neighbouring hills is extensively quarried and worked.

*Larne* (8,000), which ships large quantities of dairy produce, has some textile factories, and deals with the iron and aluminium ores found in the neighbourhood. It is 39 miles or 1½ hours from Stranraer, in Scotland.

*Enniskillen* (5,500) on the Erne, is a market town and local agricultural centre.

*Dungannon* (3,700) in Tyrone, has coal at hand, but is principally an agricultural centre with a small linen industry.

**LEINSTER.** Although containing the Bog of Allen, Leinster contains some of the most fertile tracts in Ireland, notably the basin of the Boyne, originally the Kingdom of Meath, and the valleys of the Barrow, Nore, and Slaney. Its counties are Louth, Dublin, Meath, Westmeath, Wicklow, Kildare, King's County, Carlow, Queen's County, Wexford, and Kilkenny.

*Dublin* (City, 305,000, Registration Area, 408,000), on the Liffey, where it enters Dublin Bay, became important when the English began the systematic conquest of the country. Lying in the middle of the east coast, opposite that part of the Welsh coast most accessible to London, it is the only centre from which the country as a whole has ever been governed, largely owing to the easily crossed lowland behind it. The principal industries connected with it are brewing and distilling. Ship-building is also carried on, and there are some textile and leather manufactures. Besides these, cattle, pigs, horses, and dairy produce are shipped, largely to English ports.

*Kingsdown* (17,000), on the south side of the Bay, is another port and watering place. Its distance from Holyhead is 57 miles, which is covered in about 3½ hours.

*Drogheda* (13,000) lying on both sides of the Boyne near its mouth, exports the agricultural and dairy produce of Meath, and has some linen manufactures, as well as breweries.

*Dundalk* (13,000), on the shallow Dundalk Bay, makes iron goods. There are engineering and coach-building works, distilleries, and bacon and ham curing establishments. The centre of the surrounding agricultural region, it trades principally with Liverpool and Bristol.

*Kilkenny* (11,000) on the Nore, is the centre of the agricultural region along the banks of that river. It manufactures blankets and linen goods, and has a growing cabinet-making industry.

*Bray* (8,000), on the coast of Wicklow, about 13 miles from Dublin, has, on account of the protection from the Atlantic rain winds afforded by the mountains behind it, the driest climate in Ireland, and is its leading watering place.

*Wexford* (12,000) on Wexford Harbour, at the mouth of the Slaney, exports the produce of the valley. It has iron works and engineering shops, where agricultural machinery is made, as well as breweries and distilleries. Its harbour, deep enough for small steamers and fishing boats, is too shallow for the cross channel traffic to Queenstown, and so

*Rosslare*, on the coast, has become important. The 54 miles between Rosslare and Fishguard in Wales are covered in 2½ hours.

*Enniscorthy* (5,000), further up the Slaney, has bacon-curing factories and breweries.

*New Ross* (6,000), on the Slaney, is a market town and agricultural centre.

*Balbriggan* (2,000), though only a small coast town south of the mouth of the Boyne, has a wide reputation for hosiery, underclothing, and linen.

**MUNSTER.** As the most westerly portion of the British Isles, Munster has the first and last place of call for American ships, and is the starting place—from Valentia Island—of the Atlantic cables. Its counties are Clare, Tipperary, Kerry, Limerick, Waterford and Cork.

*Cork* (77,000) is on the Lee, some distance above its mouth. It is the chief town in the province, and the largest exporter of cattle, butter, eggs, bacon and other dairy produce in Ireland. It makes butter and, besides distilleries, breweries, and tanneries, it has several margarine factories.

*Queenstown* (8,000) on Great Island, in Cork Harbour is a watering place, and the port for American mails. Its distance from New York is 2,762 miles. The journey from London takes about 14½ hours by the Holyhead route, and 14 hours via Fishguard.

*Limerick* (39,000), on the south side of the Shannon, is the outlet for the produce of the Golden Vale, which lies behind it. The principal trade is in dairy produce, ham and bacon being cured in the town. It has a large cattle market, and manufactures lace, tobacco, and snuff.

*Waterford* (27,000) is on the Suir, and a seaport, although 30 miles from the sea. It is the centre of trade for the valleys of the Suir, Barrow and the Nore, and exports the produce of these valleys direct to Glasgow, Liverpool, Bristol, Falmouth and London. Like most other Irish towns, it has breweries and distilleries.

*Clonmel* (10,000) on the Suir, *Tipperary* (6,000) and *Cashel* (3,000) are in the main the market towns of agricultural regions.

*Carrick-on-Suir* (5,000) is an agricultural centre, with small lace and hosiery industries.

*Killarney* (7,000), the centre for tourists visiting the Lakes, also has lace and hosiery industries, as well as a boot and shoe factory.

*Trillick* (10,000), at the head of Tralee Bay, is an agricultural centre, making butter and bacon. It is a centre, too, of the Irish cloth industry.

*Ennis* (5,000) in Clare, is the agricultural centre of the county.

*Brehaven*, on Bantry Bay, sheltered by Bere Island, is a naval station.

**CONNAUGHT.** The western part of Connaught, beyond the line of lakes, is the furthest removed in every way from Britain of any part of Ireland, especially in the rocky islands off the coast where

the most arduous and primitive forms of living prevail. Its counties are Mayo, Sligo, Leitrim, Galway and Roscommon.

**Galway** (13,000), on Galway Bay at the outlet of Lough Corrib, although not nearly so prosperous as in olden days, is now increasing in importance. The neighbourhood supplies marble and granite, which are quarried and carved for export. There is a considerable woollen industry, both cloth and hosiery being made. Agricultural tools are also manufactured.

**Sligo** (11,000), on an arm of Sligo Bay, has started the manufacture of underclothing and ready-made clothes. It has also flour mills and tobacco factories, and is in direct steamboat communication with Liverpool and Glasgow.

**Ballinasloe** (5,000) on the Suck, the largest inland town of the province, has a yearly horse fair of considerable importance.

**IRIDIUM**.—A hard, white, brittle, infusible metal found in the Ural Mountains. It resembles platinum (*qv*), and generally occurs with that metal. Alloyed with osmium it is employed for pen nibs, for the wearing points of scientific instruments, etc. As it is infusible, iridium is also used in certain cases for crucibles and other apparatus capable of withstanding high temperatures.

**IRISH BANKING**.—The Bank of Ireland was established in 1783, with privileges similar to those of the Bank of England, so far as Ireland was concerned, and Irish banking may be said to date from this year. By the Act establishing the Bank of Ireland, no other banks could be formed consisting of more than six partners. This restriction was not considered to be an unqualified benefit, for it was stated that "if the trade of banking had been left as free in Ireland as in Scotland, the want of paper money that would have arisen with the progress of trade would in all probability have been supplied by joint stock companies, supported with large capital and governed by wise and effectual rules." The restriction was partially removed in 1821, and in 1825 an Act was passed which enabled joint stock banks to be formed, provided they were not set up within 50 miles of Dublin. All restrictions were removed in 1843.

The privilege of joint stock banking was granted to the Bank of Ireland on the understanding that its capital should be lent to the Government. The amount of the capital was £600,000 in Irish money, but subsequent loans to the Government raised the total to £2,850,000 of Irish currency, which was equal to £2,630,769 4s. 8d. in English money. The capital has never been repaid, but interest is allowed upon it to the extent of 2½ per cent.

No banks established in Ireland since 1845 have a right to issue notes, and since 1845 the Bank of Ireland has been limited as to its issue in the same way as the Bank of England. Beyond the amount of the Government security, it can only issue notes against a reserve of gold, though its issue may be increased if any of the existing banks tenders any amount of its issue. As in Scotland, bank notes are issued for £1. A return of the note circulation is published weekly in the same manner as the Bank Return is made in England. Irish bank notes are not legal tender except in payment of the public revenue of Ireland. It must not be forgotten that the Bank of Ireland is a semi-government institution, and that it keeps the Government Account in Ireland.

Irish banking has one distinctive feature, viz.,

the system of discounting bills for small amounts. Although advances are made on bills and promissory notes for £1 to £20, a loss upon such transactions is practically unknown.

**IRISH MOSS**.—(See CARRAGEEN.)

**IRON**.—The most widely distributed of all metals. It is extracted chiefly from its ores, of which the most important is the red oxide, known as haematite (*qv*), the principal varieties being red haematite, procured chiefly from the United States and the North of England, and brown haematite, which abounds in France, Germany, Spain, Sweden, and Canada, and is also found in Ireland and Northamptonshire. The purest brown haematite comes from Spain, and is valuable for the manufacture of steel. Red ochre is an impure form of haematite, while another variety has a bright metallic lustre capable of reflecting light, and is used for so-called specular iron. Limonite somewhat resembles brown haematite. It is largely found in bogs; hence the name bog iron ore. Even in its impure state, it is sometimes used as an ore for manufacturing purposes. Earthy limonite is the source of the yellow ochre pigment. Magnetite is another important oxide of iron. It is found principally in the United States, Sweden, and India. One variety, known as lodestone, is a true magnet. Franklinitite resembles magnetite, but is worked for the zinc and manganese it contains rather than for the iron. In the same way iron pyrites is used almost exclusively in the preparation of sulphur and sulphuric acid; while yellow and green chrome pigments are the principal products obtained from chromite or chromic iron ore. Spathic iron ore is the pure carbonate of iron, and clay ironstone is an impure carbonate producing iron of inferior quality. Iron is prepared from its ores by smelting in blast furnaces. The processes vary according to the nature of the ore, an impure variety, known as pig iron, containing a large percentage of carbon, being usually obtained first. This is afterwards used as the basis of the higher grades, such as wrought iron, cast iron, steel, etc. Pure iron is a white, tenacious metal, ductile, but very difficult of fusion. The uses of iron are too numerous to mention. In addition to its employment in machinery, bridge construction, shipbuilding, etc., it is used in medicine as a tonic in cases of general debility. It is a constituent of many natural mineral waters which owe their value to its presence, and its numerous compounds are of great importance in chemistry, medicine, and in various industries. Until the last decade of the nineteenth century, Great Britain produced more pig iron than any other country in the world, but the United States now heads the list, while, before the war, Germany was second.

**IRON WARRANTS**.—Iron warrants, or warrants for iron, differ from warrants for other goods, since, by the custom of the iron trade, an indorsee of the warrant obtains the goods free from any vendor's claim for purchase money. In the case of the *Merchants' Banking Company of London v. Phoenix Bessemer Steel Company*, 1877, 5 Ch. D. 205, it was held that a bank which had taken iron warrants as security was entitled to delivery of the iron, although the original purchaser had not paid for the iron. (See DOCK WARRANT.)

**IRONWOODS**.—The timber obtained from various sorts of trees, so-called on account of its hardness. Among the trees yielding ironwood are the American *Ostrya virginica*, the South African *Olea laurifolia* and *Vepris undulata*, the latter yielding a timber

known as white ironwood. The East Indian variety is the *Metrosideros vera*, a species of myrtle, for which there is great demand in China and Japan. All sorts of ironwood are much used for agricultural purposes, e.g., in the construction of ploughs, axes, etc.

**IRREDEEMABLE.**—An irredeemable stock is one where no obligation exists on the part of the issuer to redeem or pay back the money invested.

**IRREDEEMABLE DEBENTURE.**—This is a debenture in which no provision is made for the repayment of the principal money. It is somewhat like a perpetual annuity—the interest is paid, but the capital remains invested. However, if the company issuing the debenture goes into liquidation, the holder is entitled to come in and have his money repaid to him, so far at least as there are assets to meet the same.

**ISATINE.**—This is the basic colouring material of a number of colours used in the dyeing industry. It is formed by treating natural indigo with nitric acid.

**ISINGLASS.**—A gelatinous product, originally prepared only from the swimming bladder of the sturgeon, but now obtained from several other fish, including the cod. It is used for culinary purposes, e.g., in the making of jellies and confectionery, and for manufacturing purposes, e.g., for fining wines and beers, for imparting a lustre to silk, and as the basis of diamond cement and of various glues. A large trade is done in isinglass by Russia, Brazil, the United States, Canada, and the East Indies.

**ISSUE OF BILL.**—Until a bill of exchange is issued, there is no liability attaching to any person connected with the instrument. The following Sections of the Bills of Exchange Act, 1882, are consequently important.

"By a part of Section 2, the issue of a bill is defined as

"the first delivery of a bill or note, complete in form, to a person who takes it as a holder."

By Section 9 (s. 3), it is provided—

"Where a bill is expressed to be payable with interest, unless the instrument otherwise provides, interest runs from the date of the bill, and if the bill is undated, from the issue thereof;"

and Section 12 says—

"Where a bill expressed to be payable at a fixed period after date is issued undated, or where the acceptance of a bill payable at a fixed period after sight is undated, any holder may insert therein the true date of issue or acceptance, and the bill shall be payable accordingly."

For stamp purposes, no bill of exchange or promissory note may be stamped with an impressed stamp after the execution thereof. This is provided for by the Stamp Act, 1891 (Sec. 37).

**ISSUE OF CHEQUE.**—Since the main rules applicable to bills of exchange are also applicable to cheques, the preceding article gives the whole law connected with the issue of a cheque.

**ISSUE PRICE.**—The price at which stock or shares are issued to the public.

**ISSUED CAPITAL.**—This indicates that portion of the nominal or authorised capital of a company which has been issued by the directors and has been taken up or subscribed for by the shareholders. The issued capital may be either fully paid up or only partly paid up. In the latter case, the remaining part of the capital is known as the "uncalled" capital. (See CAPITAL.)

**ISTLE.**—A strong, flexible fibre used in the manufacture of brushes. It is obtained from a species of agave growing in Mexico.

**ITALY.—Position, Area, and Population.** Italy is the middle of the three great peninsulas of Southern Europe, and, with the island of Sicily, divides the Mediterranean into two parts.

This central position in the Mediterranean made it a place of great importance in ancient times, while its connection with the Continent of Europe on the one hand, and the Suez Canal on the other, increases its importance now. The direct route from London to the entrance of the Suez passes through it.

It extends from latitude 46° to 36° N. and from 6½° E. longitude to 18½°. The country is long and narrow, no part being more than 62 miles from the sea, and is divided into the continental and peninsular portions, to which must be added the insular portion consisting of Sicily, Sardinia, and a number of less important islands.

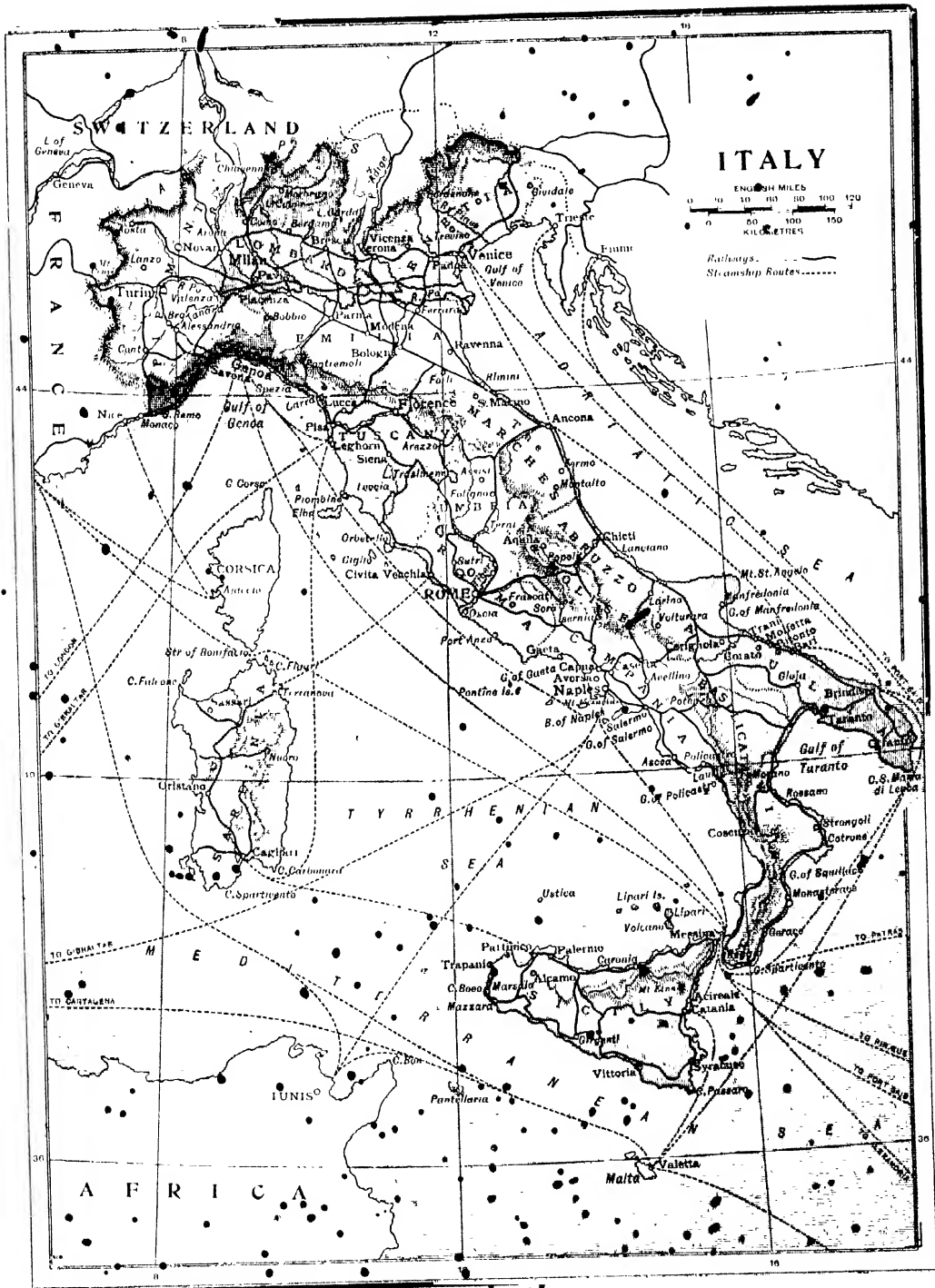
**Relief.** Italy, on the whole, is mountainous, only one-third being plain. The largest level area is the Plain of Lombardy. On the north the country is enclosed by the Alps, which, while forming a barrier, are cut into by deep valleys, which afford many routes to the surrounding countries. They sweep round in a great curve in the west and are joined by the Apennines, which run right through the peninsula, and are continued in the island of Sicily. At the northern end the Apennines run in an easterly direction, until they cross the 44th parallel from the southern boundary of the Plain of Lombardy. Here they are quite close to the east coast, but afterward pass through the centre to the west, and so through the "toe" of Italy.

From the foot of the Alps in the west, the Plain of Lombardy slopes gradually down to the Adriatic, where large areas formed of the silt brought down by the rivers are so low that they have to be artificially drained. The only hills on this plain are those of Monticciato, near Turin, the Colli Euganei, near Padua, and the Monti Berici, near Vicenza.

Much of the coast is high and rocky, with many fine harbours, except on the west from the Arno southward almost as far as Gaeta, and around the head of the Adriatic, where the lowness of the shore makes it difficult to approach.

**Rivers.** The largest of the Italian rivers is the Po, which, with its tributary, the Dora Riparia, forms an almost due east and west line from the French frontier to the Adriatic Sea. From the north, it receives many tributaries from the Alps, and from the south many from the Apennines. Those from the Alps have cut deep valleys, which lead to the passes over the mountains, the Dora Riparia, Dora Gáltea, Sesia, Fiume, Adda, Adige Tagliamento leading to the Mt. Cenis, St. Bernard, Simplon, St. Gothard, Splügen, Maloja, and Brenner passes respectively. Where these rivers leave the mountains for the plain, they in some cases form long, narrow lakes, known for their beautiful scenery. The largest of them are Maggiore, Lugano, Como, and Garda. These lakes form reservoirs for the rivers flowing from them, and regulate their flow when the melting snows of the Alps would otherwise cause floods.

**Climate.** The climate of Italy is typically Mediterranean in the south, warm, with winter rains and summer drought. In the north, the winters are more severe, and the rainfall greater and more evenly distributed throughout the year. In Turin,







the mean monthly temperature ranges from freezing to 74° F., and in Naples from 46° to 77°. But while at Turin the rainfall is well distributed through the year, at Naples it varies from less than 1 in. in July, to 5 ins. in November. In the north, the annual rainfall averages 40 ins., decreasing southward to 27 ins. One effect of this distribution of rainfall and temperature, together with the fact that the Apennines are not high enough to be above the line of perpetual snow, is that while the Po and its tributaries in the north always have a good supply of water from the melting of the snow of the Alps and from the rain, the rivers of the south are filled in the rainy season, but are almost dry in the summer. This seasonal difference in volume has been further accentuated by the cutting down of the forests, which results in the rain draining quickly off the ground, when otherwise it would run away more slowly.

**Malaria.** One of the drawbacks of most Mediterranean countries is the presence of malaria, which is so prevalent in many parts of Italy, that whole districts are rendered uninhabitable despite the fertility of the soil. Practically the whole of the southern portion of the peninsula is subject to it, the affected area extending on the west coast as far north as the island of Elba, together with Sicily and Sardinia. Small portions of the northern plain are also affected, especially on the marshes to the north of the Po delta. The worst parts are the Maremma in Tuscany, the Campagna of Rome, with the Pontine Marshes further south, and the north western shores of the Gulf of Taranto. Now that the part played by the mosquito in the spreading of the disease is known, it is being effectively dealt with by the draining of the marshes where the insect breeds.

**The People.** The mixture of races that exists in Italy is largely the result of the variety of people attracted to the country in the time when Rome ruled the world, and perhaps to the foreign slaves introduced. In the north, there is a large proportion of fair people on account of the mixture of Teutonic races. In the south, darker types predominate, with the admixture of Arab and other southern bloods.

**Vegetation and Agriculture.** The forest trees are generally of the evergreen type. Evergreen oaks, the cypress, and the Aleppo pine are found throughout the Mediterranean region. In Sicily the chestnut grows at an elevation of from 2,000 to 3,000 ft., and the beech thrives at an elevation of close upon 6,000 ft. The olive grows throughout the country, including the sheltered lower Alpine valleys, except in the Plain of Lombardy, where the winters are too severe.

The lack of useful minerals, especially coal, causes its people to rely on agriculture, for which the country is well adapted on account of the fertility of the soil. The lack of rainfall, however, particularly in the south, is a serious drawback, and renders irrigation necessary. Such is the fertility of the soil, that as many as ten crops of grass are reaped in a year in some of the irrigated fields.

The chief grain raised is wheat. That grown in Apulia, the south eastern province that terminates in the "heel" of Italy, is famous, as an account of its hardness it is specially suited for the making of macaroni. The next grain of importance is maize, which forms the principal food of a large part of the population. Much of that which is

grown, however, is exported and inferior kinds are imported. In the irrigated lands of the northern plain, in Piedmont, Lombardy and Venetia, rice is grown to a very considerable extent. The vine is grown throughout the country, but the wine derived from it is not generally well made, and does not improve with age. The kinds best known are Chianti, grown on the Chianti Hills in Tuscany, south of Florence, Marsala from the west of Sicily and Asti grown on the southern slopes of the Monferrato Hills between Turin and Alexandria.

The northern plain, too, and the lower valleys of the Alps produce many mulberry trees on the leaves of which silkworms are fed, Italy being the largest producer of raw silk in Europe.

Large quantities of oranges and lemons are raised, especially in Sicily, for export to the United Kingdom.

An important economic crop is that of grass and other forage on irrigated land, where at least four crops are cut in the year. This is used for the feeding of milch cattle, imported from Switzerland, the milk being made into the celebrated cheeses of Italy—Gorgonzola, Parmesan and Stracchino.

**Minerals.** No coal is found in Italy, most of that which is used being imported from the United Kingdom. There is some lignite, however, or brown coal which is mined at Spoleta in Umbria, and at Valoona in Venetia. Petroleum is obtained to the south of the Plain of Lombardy near Piacenza. The most important mineral obtained is sulphur, from the southern portion of Sicily around the towns of Girgenti on the south coast, Catania on the east, and Caltanissetta inland. Iron ore is mined on the mainland in small quantities in the region west of Lake Garda. The principal iron region is the island of Elba, which sends the bulk of its products to Britain to be smelted. Statuary marble is quarried on the western slopes of the Apuan Hills in Tuscany, where the chief centres are Carrara and Massa. Sardinia is rich in minerals, which are, however, but little worked. The chief mining region is around Iglesias in the south-west, where lead and zinc are found. In the south, hot springs deposit boracic acid, an important article of commerce.

**Industries and Manufactures.** The most important industry of Italy is the preparation of silk yarn, which forms by far the most valuable export, most of it being sent to France. Now, however, the making of silk fabrics is greatly increasing, and Como, situated at the southern extremity of the western arm of the lake, is the most important centre. The manufacture of cotton goods is rapidly advancing, raw cotton being now the most valuable import. Wool, hemp, and linen manufactures also engage large numbers of workers. Much of the great increase in these industries is due to the utilisation of the water-power of the streams for the production of electricity.

Efforts are being made to make Italy self supporting in the production of iron and steel. There are iron works near the mines on the island of Elba at Portoferraio, and on the mainland opposite at Pombino. At Terni, to the north of Rome, on a tributary of the Tiber, the water-power supplied by the river is used for the production of steel, and is supplemented by the lignite of Spoleta, further north. Near Genoa are a number of iron works, using chiefly ore imported from all parts of the world. The English firm of Armstrong has ordnance works at Pozzuoli, near Naples.

An important export is straw hats and other straw goods. These are made chiefly in Tuscany where wheat is sown very thickly in order to produce a long, straight stalk. Sculptures in marble and alabaster are also produced in sufficient quantity to produce a valuable export. Glass, lace, leather goods, earthenware, and many other artistic manufactures are scattered throughout the country.

**Commerce.** The leading articles of import are raw cotton, coal and coke, boilers, machinery, wrought iron and steel, raw silk and silk cocoons, timber and wheat. Wool, cured fish, hides, scientific and electrical instruments, copper and iron waste are also important.

The chief export is raw silk, to the extent of nearly a third of the value of the total exports. Silk goods and cotton goods in increasing quantities come next. Olive oil, dried fruits, wines, hemp, cheese, silk waste, acid fruits, hides, and sulphur follow in importance.

With the exception of the United States, the chief exports of Italy go to those countries lying on or around its land frontier, where they can be sent by rail. Even poultry and eggs are sent to England overland to Antwerp. This arrangement has an effect on Italian shipping, great difficulty being experienced in getting cargoes for export.

**NORTHERN OR CONTINENTAL ITALY.** The physical boundary of Northern Italy on the south, is the ridge of the Apennines, but since Genoa and Spezia are ports of this region, parallel 44° N. is a convenient line to take.

The western coasts are high and rocky, with many fine harbours, but they have the disadvantage of a mountainous country behind them, difficult to cross. The eastern coasts are low and swampy, crossed by sluggish rivers and enclosing shallow lagoons, the largest of which is the Valli di Comacchio to the south of the Po delta. This coast is difficult of approach from the sea. Much of it is of recent formation, many towns which within historic times were sea ports, being now many miles inland. Adria, after which the Adriatic Sea is named, is now 20 miles from the shore.

In the west is the province of Piedmont, in the centre Lombardy, and in the east Venetia. Around the shores of the Gulf of Genoa is Liguria, and between the lower Po and the Apennines, Emilia. The plain is the most densely peopled portion of Italy, containing 45 per cent. of the population of the country, and owes its importance to the fertility of the soil, the abundance of water both for irrigation and latterly for power, and to the existence of the Alpine passes.

In the middle ages, Venice and Genoa divided the land between them, and supplied their respective portions with spices and silks from the east. Further, there was a trade across the Alps by which these goods reached the shores of the North Sea and the Baltic. The discovery of the sea route to India, following the capture of the overland routes by the Turks, put an end to the prosperity of both states, and though the opening of the Suez Canal has diverted much trade to its former channels, and brought to both Genoa and Venice a new era of prosperity, neither has anything like its former greatness. Genoa deals chiefly with imports, and Venice with exports.

Genoa (300,139), despite the mountain chain that must be crossed to reach it, is the most convenient point for landing goods for the western half of

northern Italy, and also for parts of Switzerland, and the south-west of Germany. Its fine natural harbour has been enlarged and deepened, and two lines of railway cross the mountains, one northward to Alessandria, Milan, and the Simplon and St. Gothard passes, the other north-westward through Asti to Turin and the Mt. Cenis pass.

**Venice.** Venice (Venezia, 168,038) owes its position to the fact that it could not be attacked either by sea or by land, while it was so placed as to command the trade between the two. It is situated on a number of islands in a shallow lagoon, and was founded by refugees from the mainland as far back as the fifth century. The lagoon is entered by three channels, two of which, the Porto di Lido and the Porto di Malamocco lead to Venice. The Porto di Malamocco, being to the south, is more convenient for ships coming up the Adriatic. As Venice, unlike most ports in the Mediterranean, has a tide, this channel has been deepened by artificially narrowing it, and so causing the water to scour out the bed. The city is connected with Mestre on the mainland by a railway bridge, and is the port for goods coming from the north through the Brenner pass, which lies between Innsbruck and Verona. A great hindrance to its progress, as with other commercial cities built on islands, is the fact that it is difficult for it to expand, and so to keep pace with its increasing trade.

**Chioggia** (34,360), at the southern end of the lagoon, was at one time a rival port of Venice.

**Savona** (50,471), to the south-west of Genoa, was long its rival, with the advantage of a lower pass inland, which led, however, to a much smaller region.

**Spezia** (77,722), on a splendid natural harbour, is the chief station of the Italian navy. It is connected by rail inland to Parma, but the height of the pass over which it travels, and the consequent heavy gradients, are a great drawback.

**Turin** (Turino, 451,994), at the junction of the Dora Riparia with the Po, which is navigable as far as this for boats, is the natural centre of a great stretch of country, and through Susa and Aosta commands four Alpine passes.

**Susa** is at the junction of the Mt. Cenis and Geneva passes leading to the lower Rhone.

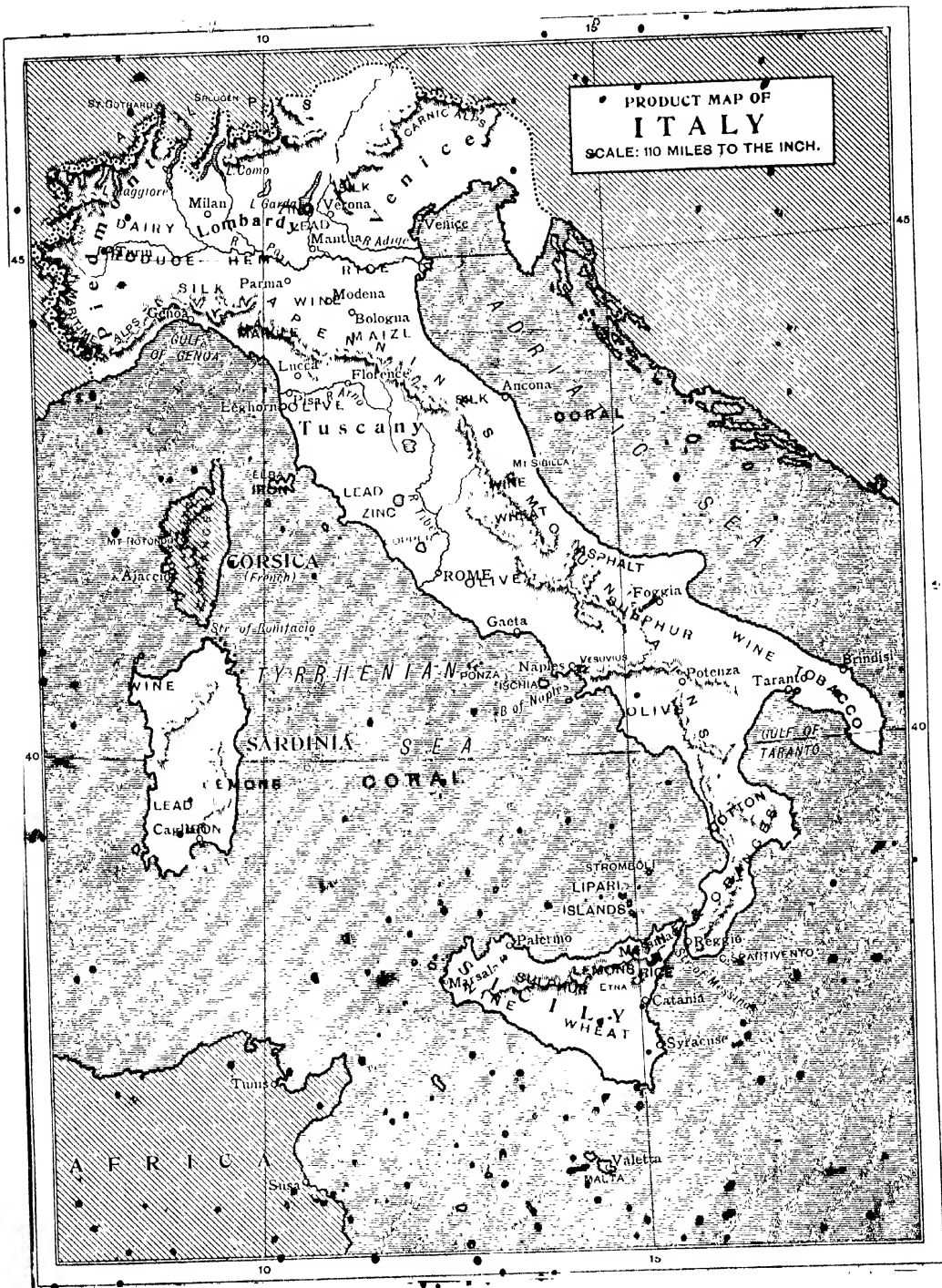
**Aosta** is at the junction of the Great and Little St. Bernard passes, the former leading to the Upper Rhone and the latter to the Isère.

**Alessandria** (78,159) is the railway centre of the south, as Milan is of the north. Eastward through it runs the line from Turin to the Adriatic, along the foot of the Apennines; northward passes the line from Genoa to the Simplon.

**Milan** (Milano, 663,059) lies in the centre of a great agricultural region, and at the junction of roads leading over the Simplon, St. Gothard, Maloja and Splügen passes, and on the east and west route along the foot of the Alps to Venice. It is the centre of the silk trade, and has some silk manufactures. Cutlery is also made there.

**Other Towns.** Along both the northern and southern borders of the plain are numbers of towns, each situated where a valley opens from the mountains, the larger towns being opposite the more important valleys. Along the southern border, these towns lie in an almost straight line from Rimini, on the Adriatic, to Piacenza, on the Po, and include Casena, Bologna, Modena, Reggio and Parma, with others of historic importance.

The largest of these is **Bologna** (189,770), at the





mouth of the valley road leading to Florence, and the basin of the Arno, and thence southward to Rome.

From *Parma* (54,584) is the railway over the Apennines to *Spezia*.

*Piacenza* (40,362), like *Cremona* lower down, owed its importance originally to the fact that the river could there be easily bridged.

Similarly, at the mouth of each of the Alpine valleys is a town; *Ivrea*, *Biella*, *Como*, *Lecco*, *Bergamo*, *Brescia*, *Verona*, *Vicenza*.

*Biella* (20,164) has important woollen manufactures, and *Como* (38,895) is the chief town in Italy in the silk industry.

*Verona* (66,448) is at the entrance to the Brenner Pass, the most easterly of the Alpine passes through which a railway runs, and is of great importance in military strategy.

*Padua* (Padova, 105,135), *Mantua*, *Ferrara*, and other towns in the lower Po basin, with *Ravenna* further south, have been great towns in the past, but are now of little importance.

The position of the Italian Tyrol, *Istria*, and other portions obtained from *Austria* at the conclusion of the European War, will be seen from the map.

**PENINSULAR ITALY.** Peninsular Italy is to a large extent occupied by the Apennine Mountain system. The chief lowlands are along the coast and in the large river valleys. The rivers on the east are short and rapid, running at right angles to the coast. On the west, the *Tiber* and other rivers flow south. Railway routes follow the coast except over a few short stretches. Inland, their direction is largely determined by the position of the valleys, and the passes over the mountains. The population is generally near the coast, except in the malarial areas to the north-west of the Gulf of *Taranto*, and the plain from the south of the *Arno* basin to the Gulf of *Gaeta*. The country around *Civitavecchia* is one of the most sparsely peopled parts of Italy. The chief centres of population are the lower *Arno* basin, and the adjoining coast; the east coast from *Rimini* to the south of *Ancona*; the same coast south of *Bari*; and, densest of all, the plains around *Naples* and *Vesuvius*.

*Rome* (Roma, 590,960). The importance of *Rome* to the world is due to its ancient historical associations, and to its being the headquarters of the Roman Catholic Church. In Italy, it is important on account of its central position, being situated in the middle of the western side, with communication through the passes with the eastern coast and equi-distant from *Sicily* in the south, and *Lombardy* in the north. It has, therefore, been chosen as the capital of united Italy. The King resides in the *Quirinal*, and the Pope in the *Vatican*, which adjoins the great Cathedral of *St. Peter's*.

The city is built on a group of hills at a place where, in ancient times, the *Tiber* could be easily crossed. Its foreign and coast trade is carried on chiefly through *Civitavecchia*, and, latterly, also through *Fiumicino*, near the mouth of the *Tiber*.

*Florence* (Firenze, 242,147) stands on the *Arno*, and at the head of the plain through which it flows. Northward it is connected with the *Bologna* and the *Po* basin, and thence through the Alps with central Europe, by the pass of *La Futa*, through the Apennines, a fact that made it an important centre in the Middle Ages. Now, however, the railway crosses the mountains by the *Reno* valley to *Pistoia*. When its port of *Pisa* was silted up,

*Leghorn* (Livorno, 108,585) was purchased from the State of *Genoa*, and is still the port of the *Arno* basin. *Lucca* (79,110) gives its name to the olive oil produced in the neighbourhood.

*Naples* (Napoli, 697,917), the largest city of Italy, owes its size and importance to the extraordinary fertility of the small plain surrounding it, which supports a dense population. Its harbour, naturally fine, has been made suitable for the largest ships. As the centre of an agricultural district, it imports manufactured goods generally, and exports animals and animal products, hemp and flax. The imports are valued at three or four times the exports. *Pompeii* and *Herculaneum*, the buried Roman cities, are near by, at the foot of *Vesuvius*. It is the disintegration of the lava from *Vesuvius* that supplies much of the fertile soil of the region.

*Bari* (109,218) is the largest town on the coast of *Apulia*.

*Brindisi* (26,483), further south on the Strait of *Otranto*, is a port of call for ships between British and North Sea ports and the *Suez*, mails and passengers using the overland route instead of the sea journey round *Spain*.

**SICILY.** Sicily separated from *Calabria* by the Strait of *Messina*, is very mountainous in the north; but the lower lands along this coast to a height of 150 ft. are of great fertility, and support a dense agricultural population. In the southern half, sulphur is mined. *Etna*, an active volcano, is near the east coast.

*Palermo* (345,891) on a harbour that is being deepened, stands on the north coast in the centre of a great fruit-growing district.

*Syracuse* (Siracusa, 44,094), once of first importance, has now given place to *Catania* (217,389), further south, which exports large quantities of sulphur.

*Messina* (150,000) exports fruit and large quantities of wine lees.

*Marsala* exports wine.

Off the north-east coast are the volcanic *Lipari Islands*.

**SARDINIA** is a mountainous, thinly peopled island. The climate among the mountains is raw, and in the lowlands malarial. The island is rich in minerals, granite, copper and silver-lead being plentiful.

*Cagliari* (61,175), in the south, is the chief town.

**MALTA.** The Peninsula of Italy with the island of *Sicily* and the projecting northern coast of *Africa*, divide the Mediterranean into two basins, the eastern and western. In the channel that connects these two basins lies the island of *Malta*, 60 miles from *Sicily*, and 200 from *Africa*, with the island of *Gozo*, and between these the two small islands of *Comino* and *Cominetto*. This group has been in the possession of Britain for over a century, and is noticed under a separate heading.

Mails are despatched three times daily. The time of transit is one and a third days to *Milan*, 2 days to *Rome*, rather more than 2 days to *Naples*, and 2½ days to *Brindisi*.

**Foreign Possessions.** Except for a small concession of 18 square miles near *Tientsin* in *China*, Italy's foreign possessions lie in the easternmost parts of *Africa*, in the peninsula between the *Red Sea* and the *Indian Ocean*.

**ERITREA.** Along the *Red Sea*, with a coast line of 670 miles, is the Colony of *Eritrea*, through which much of the trade of *Abyssinia* must pass. It is a hot and very dry country, with sufficient

pasture to support a nomadic pastoral population of under 500,000. The area is about 46,000 square miles.

*Massowah*, the chief port, and *Asmara*, the capital, are being linked by a railway, now almost completed. In the south, *Assab* is the chief port.

In the Red Sea, east of *Massowah*, is the Dahlak Archipelago, where pearl fishing is carried on.

**SOMALILAND.** Italian Somaliland extends from the borders of British Somaliland and the Gulf of Aden, southward to the Juba river, which forms the boundary with British East Africa. The area is 139,000 square miles, and the population 450,000, most of whom are engaged in rearing sheep, cattle or camels. Cotton goods and yarn, rice and sugar, are imported in exchange for hides, butter, and other animal products. Much of the trade is carried on through Zanzibar.

The largest towns are on the coast: *Mukhdisho* (10,000), *Merka* (7,000), *Barawa* (5,000), and *Versheik*.

Inland, the most important town is *Bardera* on the Juba.

**TRIPOLI AND CYRENAICA.** This province on the Mediterranean coast of Africa, was formally annexed by Italy in 1911. It is bounded on the west by Tunis and Algeria, on the east by Egypt, and on the south-east and south by the Sahara. The area is estimated at about 406,000 square miles, and the population about 525,000. For administrative purposes the country is divided into two independent districts—Tripolitania and Cyrenaica. There is a considerable caravan trade with the Soudan, an important article being ostrich feathers.

The principal towns are on the coast. *Tripoli* (73,000), is the capital of Tripolitania, *Benghazi*

(35,000) is the capital of Cyrenaica; *Derna* (3,000) grows bananas.

**TIENTSIN CONCESSION.** The Italian concession of Tientsin lies on the left bank of the Peiho, and contains a village and salt-pits. Population: 10,017, of whom 9,887 are Chinese.

**IVORY.**—Strictly speaking, this name should only be applied to the hard, white substance forming the tusks of the elephant, but it frequently includes similar products obtained from the narwhal, walrus, and hippopotamus. Ivory has many valuable characteristics. It is translucent and elastic, and the best is fine-grained, mellow in colour, and takes a fine polish. The value depends on the size of the tusks, and this is one of the reasons why African ivory is preferred to the Asiatic variety, which is also coarser in texture and more likely to become yellow on exposure to the air. Exquisite carvings are made of ivory, which is also much in demand for pianoforte keys, billiard balls, inlaying, etc., but owing to its high and ever-increasing price, numerous substitutes are now used, among which are celluloid (*q.v.*) and vegetable ivory. (See **COROZO**.) Zanzibar and Pemba are the chief ports from which the African variety is obtained, while the Asiatic article is rarely exported, being required for native purposes in India. Further India, and the Eastern Archipelago. Great Britain imports nearly 50 per cent. of the ivory used in manufacture, but Dieppe is the European centre of the carved ivory trade.

**IVORY BLACK.**—This name is now given to a pigment prepared from bone black, but it was originally applied to an animal charcoal obtained from burnt ivory.

**IVORY, VEGETABLE.**—(See **COROZO** and **IVORY**.)

## JAB]

J.—This letter occurs in the abbreviations—

|             |                |
|-------------|----------------|
| J/A,        | Joint account. |
| JJ.         | Justices.      |
| Jour,       | Journal.       |
| Jr., Junr., | Junior.        |

**JABORANDI.**—The dried leaves of the *Pilocarpus pennatifolius*, an aromatic Brazilian shrub. Jaborandi contains tannic acid, and has a bitter taste. It is valuable in medicine as a diaphoretic, and is also used by oculists, its effects being due to the presence of the alkaloid pilocarpine.

**JACARANDA.**—A genus of trees resembling rose-wood, and found principally in Brazil. The hard, heavy wood has a fragrant odour, and is much employed by cabinet makers and joiners.

**JACONET.**—A word derived from the French *jaconas*, which is applied to a coarse sort of muslin fabric.

**JADE.**—A tough, hard mineral found in China, Burma, and New Zealand. It is translucent, and is generally green in colour, though occasionally white or clouded. In China, jade ornaments and necklaces are greatly prized, and high prices are paid at the jade market in Canton.

**JAGGERY.**—The Indian name for a kind of crude sugar obtained by crushing the flowering shoots of various species of palm trees. The exuding juice is of a saccharine nature, and yields, in addition to the brown sugar or jaggery, a fermented drink known as toddy, from which an ardent spirit, a kind of arrack, is obtained by distillation.

**JALAP.**—A purgative drug obtained from the dried tubers of the *Ipomœa purga*, which grows abundantly in the Mexican city of Jalapa, to which it owes its name. Its medicinal properties are due to the presence of jalap resin.

**JAMAICA.**—Jamaica is the largest island in the British West Indies and third largest of the West Indian Islands. It lies in the Caribbean Sea, about 100 miles from each of the two larger islands, Cuba to the north-west and Hayti to the east. Its length from east to west is 150 miles and its breadth 50 miles, with an area of 4,200 square miles. The population numbers about 890,000.

**Build, Climate, and Vegetation.** Running through the length of the island is a range of mountains, the highest point of which is 7,400 ft. above the sea. The rivers are naturally short, with a steep descent which gives rise to numerous falls and rapids.

The climate is tropical in the lowlands, with little range of temperature through the year. Inland it gets cooler with the increase of altitude. The mountain slopes are clothed with extensive forests. All tropical products grow to perfection, and although the sugar industry is not nearly what it was before the emancipation of the slaves in 1838, the prosperity of the island is recovering with the increasing crops of bananas and oranges, and as the demand for fruit for the United States increases it is hoped that Jamaica will become even more prosperous than formerly. Within recent years the island has several times suffered great loss from the devastating effects of hurricanes. Coffee and ginger are grown, and pimento for the whole world is supplied almost exclusively by the

## J

island. Cocoanuts and cocoa are cultivated. Cinchona, for the manufacture of quinine, has been successfully introduced. Of the exports, about one-fourth goes to the United States, while the United Kingdom takes approximately one-half.

**People.** The population contains only about 2½ per cent. of whites, while 76 per cent. are blacks and 19 per cent. coloured, the bulk of the remainder being East Indians. Agriculture is the only industry of importance. The island was taken in 1655. The present system of administration has existed since 1884, its special feature being that half the members of the Legislative Council are elected. The executive is in the hands of a governor, assisted by a Privy Council.

**Divisions, Towns, and Trade.** The island is divided into three parts: Cornwall in the west; Surrey in the east, and Middlesex in the centre.

**Kingston** (58,000), the capital, on a good harbour in the south-east, was destroyed by fire and earthquake in 1907, and has been rebuilt.

**Port Royal**, on the opposite side of the harbour, the original port, was almost entirely submerged by earthquake in 1692; it is now of declining importance, but is strongly fortified.

**Port Antonio** (7,000), on the north-east, is the chief fruit-exporting centre.

**Spanish Town** (7,000), a few miles inland from Kingston, was formerly the capital.

**Montego Bay** (7,000) is the principal port on the north-west.

All these towns are connected by railways, of which there are nearly 200 miles of 4 ft. 8½ in. gauge. There are also good roads in most parts of the island.

The trade in fruit owes much of its recent growth to the bounties granted to steamships maintaining direct communication with Britain, and making special provision for the carriage of fruit. These ships connect Port Antonio with Bristol and Manchester. Most of the fruit trade of the island, however, is with the United States, owing to its closer proximity.

**Turks and Caicos Islands**, 500 miles to the east, in the south of the Bahamas, form a dependency of Jamaica, as they lie on one of the approaches to the island. They contain about 6,000 people, who are engaged chiefly in sacking and sponge fishing.

**The Cayman Islands**, 180 miles to the west, are also administered by Jamaica. The population is engaged in turtle fishing and guano collecting. There are also considerable exports of cocoanuts.

**The Morant Cays and Pedro Cays** are also attached to Jamaica.

Mails are despatched once a week via Southampton or Bristol. The time of transit is from thirteen to fifteen days.

For map, see WEST INDIES.

**JAMAICA PEPPER.**—(See PIMENTO.)

**JAMUN.**—A species of Indian plum, obtained from the *Syzygium Jambolana*. It is used in jellies and jams as a substitute for the black currant, which it resembles in taste.

**JAPAN.**—Position, Extent, and Population. Japan consists of an archipelago of islands off the east coast of Asia, stretching from the tropic of

## JAP



Cancer to latitude 50°N, the corresponding range in the west being from the middle of the Sahara to the southern extremity of England.

Tokio, the capital, is in the same latitude as Gibraltar.

Altogether there are nearly 500 islands inhabited, with an area of 148,000 square miles. The population numbers nearly 57,000,000.

Much of the country is the summit of a submarine ridge, rising steeply from the deepest parts of the Pacific. Running south from the volcano of Fuji-san (Fujiyama) is another ridge whose peaks form a chain of islands in which are the Bonin Islands.

The largest of the islands is Honshu, sometimes called Honshu, or Hondo, and, incorrectly, Nippon, Nippon being the name for the whole country. To the north, separated by Tsugaru Strait is Yezo, or Hokkaido. To the south, separated by the Strait of Shimonoseki is Kyushu (Kushu). These three islands form the eastern shores of the sea of Japan. To the south-east of Honshu, and separated from Kyushu by the Buge Channel, is Shikoku. On the tropic of Cancer is Formosa or Tai-wan and between this and the large islands are the Lu-chu or Riu Kiu Islands, enclosing the China Sea. North-westward from Yezo, and separated from it by La Perouse Strait is Sakhalin or Karafuto, the southern half of which belongs to Japan, while north-eastward run the Chishima or Kurile Islands, which, with the peninsula of Kamchatka, enclose the Sea of Okhotsk.

Other islands are the Pescadores, or Hokoto, off the west coast of Formosa, the Bonin Islands, or Ogasawarayama, Tsushima in Korea Strait, Sado, in the Sea of Japan, opposite Nagata, and the Goto Islands to the west of Kyushu.

**Climate.** With such a range of latitude as Japan has there is necessarily a vast range of climate, from the tropical heat of Formosa, to the Arctic conditions of the northern islands. This difference is accentuated by the presence of two ocean currents whose effects are chiefly on the east: the Kuro Siwa, a warm current from the south, corresponding to the Gulf Stream on the east coast of the United States; and the Oya Siwa, a cold current from the north, corresponding to the Labrador current off the coast of Canada. As around Newfoundland, where the two currents approach each other, foggy weather is prevalent, so in the north of the largest of the Japanese islands fogs are frequent from the influence of the cold current or the warm moist air over the Kuro Siwa. In winter, when the prevailing winds are from the north, plenty of snow falls in the larger islands, but does not last for any length of time except in the highlands and in Yezo, which from its latitude and the influence of the cold current is generally snow-bound for a considerable period, the sea being sometimes frozen. During the winter months, which are the driest, the eastern coasts experience bright cloudless weather, while on the west, owing probably to the presence of an arm of the Kuro Siwa, which enters the Sea of Japan through Korea Strait, the sky is generally dull and cloudy.

The hottest part of the year is from the middle of July to the middle of September, and during this time when the rainy season is at its height the climate is very trying to Europeans. The rainiest season is from April until the beginning of August, and during the latter part of the time when the rivers are in flood, travelling is difficult and even

dangerous. In September there is also much rain, accompanied sometimes by typhoons or whirling storms, which do enormous damage both on sea and on land.

**Relief and Rivers.** All the large Japanese Islands and most of the smaller ones are mountainous, the lowland area being very small and comprising only some coast plains and a few broad river valleys. The presence of volcanoes, the frequent earthquakes, the damp climate and the short, torrential rivers give Japan a characteristic relief. Where the highlands reach the coast splendid deep and safe harbours are formed.

One effect of the mountainous character of the country in conjunction with its narrowness, is that while the passes are not very high in comparison with the height of the mountains, the rapid approach necessary to cross them makes the gradients very steep, rendering railway construction very difficult.

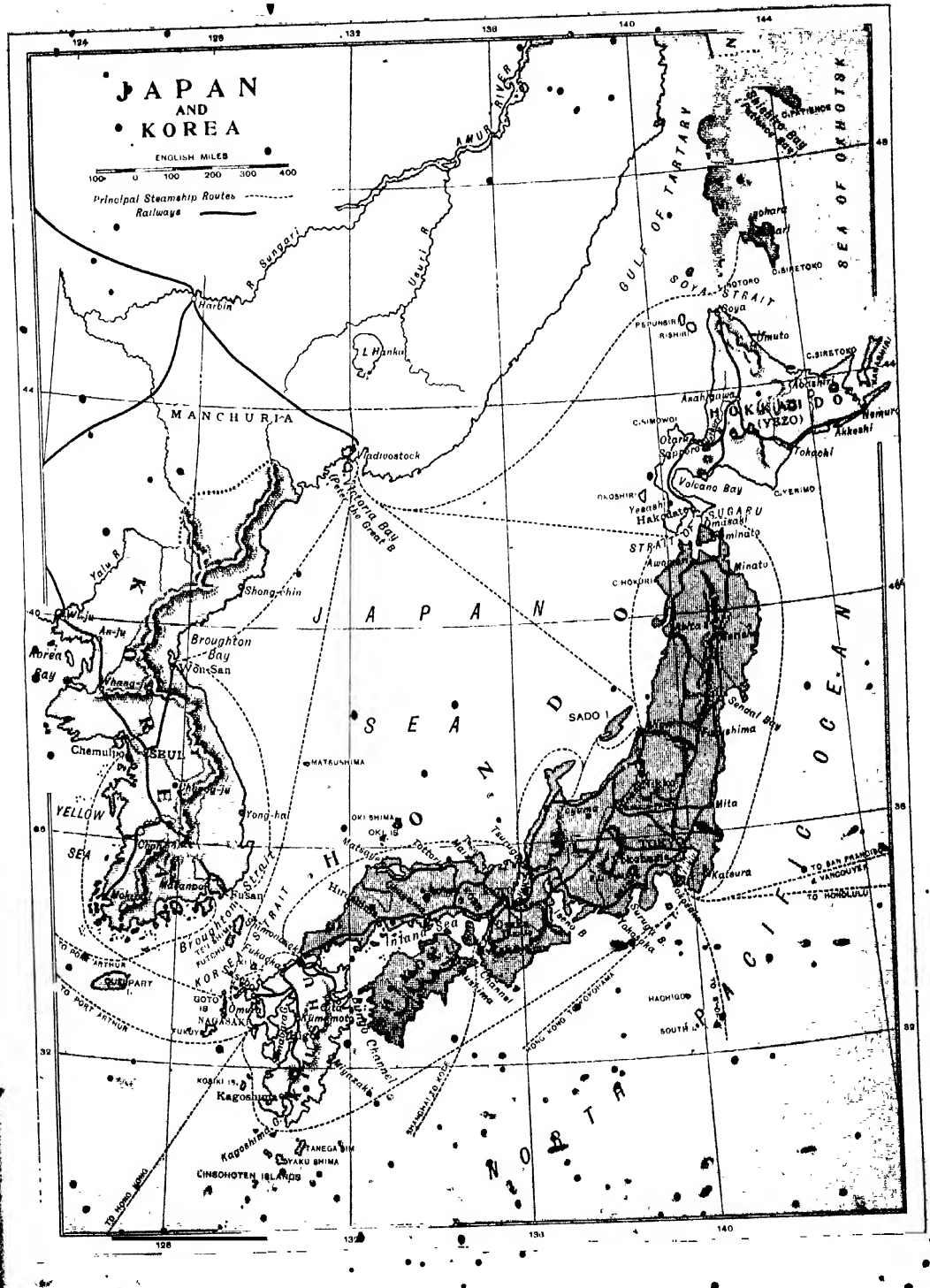
In Honshu the ranges run longitudinally through the length of the country, as do the river valleys. In Shikoku, also, the chief range runs in the direction of the greatest length, but in Yezo, and to some extent in Kyushu, the ranges radiate from a centre. On the east of Honshu, about the centre, is the famous volcanic cone of Fuji-san, sometimes called Fujiyama.

The largest rivers are naturally in the largest island of Honshu, but they are of little use for navigation. They are frequently interrupted by rapids, and elsewhere in the dry season are so shallow as to be useless except for the shallowest boats, while in the wet season, especially after the heavy summer rains have been bringing water for some time, they are flooded to such an extent that roads are covered or destroyed and communication is carried on with the greatest difficulty. The principal rivers of Honshu, which all lie in the northern half of the island, are the Kiso-gawa, entering the sea near Nagoya; the Shinano-gawa, rising near the Kiso-gawa and entering the sea of Japan at Nagata; the Kitikami-gawa, flowing into Sendai Bay, and the Tone-gawa. This last which crosses one of the largest lowland areas in the country, spreads out into a series of lagoons before reaching the sea at Choshi. The largest lake is Lake Biwa, 36 miles long and 12 miles broad, famous throughout the world for its beautiful surroundings.

**Vegetation and Agriculture.** The mountain slopes are generally forest covered; many trees found in Europe being common—the chestnut, oak, pine, elm and beech. Other trees are the Japanese cedar, the camphor tree, the wax tree, paper mulberry and lacquer tree. In the southern islands, and even as far north as Tokio, the bamboo and sago palm grow.

Agriculture is carried on successfully, and until the opening up of the country to western civilisation, was the principal occupation, everything in the way of food required in the country being grown. This is possible, despite the small area available, chiefly on account of the combination of heat and moisture during the summer months. About three-fifths of the arable land is cultivated by peasant proprietors, and the methods employed are rather primitive.

Rice is grown in the lowlands or on terraces on the mountain slopes. Wheat, barley, millet and soya beans are also raised for food. Oranges do well, but other fruit are of inferior quality. Tea is grown chiefly between latitudes 34° N. and 36° N. in





Honshu, and still further north in the same island is the region where the lacquer tree is largely grown.

**Animals.** With a large population on the comparatively small area available for agriculture there is little room for domestic animals. Horses and oxen are kept, the horses for carrying goods, and the oxen for pulling carts in those parts where wheeled vehicles can be used. Sheep have been introduced experimentally but without much success, on account of the dampness of the climate. This lack of the domestic animals of the west makes different foods and clothing materials necessary. Without oxen especially kept for dairy purposes, milk, butter, and cheese cannot be had, while the supply of leather is limited, and the absence of sheep leads to the making of winter clothes padded with cotton. Now, however, that Japan trades with foreign countries there is a considerable import of wool.

Fish are abundant in Japan, both in the sea and in the rivers. The chief sea fish are the maguro and a kind of bream called the tai. Both these are sometimes eaten raw. In the rivers salmon and trout are plentiful. Much canned fish is exported to America and Europe.

**Minerals.** The chief mineral and metal products, in order of value, are coal (which is abundant and conveniently situated for export), copper, steel, petroleum, iron, silver, gold, lead, sulphur, and antimony. The chief copper mines, which are the largest in Asia, are at Ashio, near Nikko, just north of Tokio. One half of the coal in the empire is found in Yezo (Yesso) which island also contains large deposits of sulphur.

Coal is also found near Nagasaki in the south of Kyushu, and near Moji, on the north coast.

**Industries and Manufactures.** Until recently all Japanese manufactures were made by hand or with the most primitive apparatus. Now the latest machinery from Europe and America is used, while the factory systems and general industrial organisations of these continents have been adopted.

The iron and steel industry is being fostered by the Government for the production of plates for shipbuilding and railway lines. The Government's establishment is at Wakamatsu on the northern side of Honshu, within easy reach of the coal and iron mines. Ship-building is carried on at Nagasaki.

The production of silk has always been an important industry, and enormous quantities are now exported. Although the weaving of silk fabrics is still carried on to a large extent by hand, modern machinery is being increasingly used. The same is true of cotton weaving. Machinery for the spinning of cotton has been in use on a large scale since 1882. The next important textile is hemp. One feature of the textile trade is the great preponderance of women engaged in it.

The making of paper from the inner bark of the paper mulberry is another important industry, since paper has to be used for many purposes for which the supply of leather is inadequate. European paper is also made; and matches made by European machinery are in some markets ousting the European product. Fine porcelain is made from kaolin, which is abundant. Lacquered ware is still made, but, with the enormous increase of machine-made goods, is relatively unimportant.

**Transport.** The mountainous character of the country confines communication to well defined

routes in the valleys, where the flooding of the river frequently destroys many of the roads that have been constructed, although good roads are few. Wheeled traffic is little used and is drawn either by men (the jinriksha) or oxen. Pack horses and porters are largely employed. Despite the drawbacks to railway construction the length of line is rapidly increasing, and is now nearly eight thousand miles, of which 6,000 are state owned. There are some 1,800 miles of electric tramways. In Honshu a line runs from Aomori in the extreme north to Shimono-seki in the south, and is then continued in Kyushu to Kagoshima in the south. A number of branch lines connect with all the important towns.

**Imports and Exports.** The leading import is raw cotton, which is far ahead of the next item—iron and steel. Other important articles are rice (from Burma), wool, oil cake, engines and boilers, sugar and soya beans.

The chief export is raw silk, after which in value come cotton tissues and cotton yarn. Next come silk manufactures, copper, coal, refined sugar, tea and earthenware.

Japan imports more goods from the United States of America than from any other country. Then—in order of value—come British India, China, and Great Britain. The chief articles from Britain are iron and machinery, cotton goods and yarn, woollen goods and chemicals. The chief countries to which goods are exported are the United States and China. The chief articles sent to Britain are silk manufactures, straw plait, unwrought copper, peas, crude zinc, and silk.

**Government.** The Emperor, known in Britain as the Mikado, is supreme. The Parliament consists of a House of Peers partly appointed by the Emperor, partly hereditary; and a House of Representatives. The executive is in the hands of a cabinet appointed by the Emperor and responsible to him.

**Trade Centres.** There are twenty-eight towns with a population of over 60,000.

Tokio (2,250,000) has been the capital since 1868. It is the largest town in the country, situated on the largest plain and at the head of Tokio Bay. As large ships cannot reach it, its trade is done by Yokohama.

Yokohama (429,000) is the great port of Japan. From here runs lines of steamers to Canada, the United States, Australia, India (Bombay), and Europe, besides local lines and those trading with ports of northern China and the Yang-tse-Kiang.

Osaka (1,460,000) is the centre of the cotton spinning industry. It is the most densely populated region of Japan and has many canals for the conveyance of goods. Its harbour is poor, however, and the foreign trade of the district passes through Kobe.

Kobe (498,000), near Osaka, is the chief port for the foreign trade of the district.

Kyoto or Saikyo (539,000) was the capital of Japan until 1868. It is beautifully situated and has many fine historic buildings and many artistic industries.

Nagoya (389,000) is in a great rice-growing region, and exports the porcelain manufactured at the neighbouring town of Seto. It has, however, a poor harbour.

Nagasaki (137,000) has a splendid land-locked harbour, and has an increasing shipbuilding industry. It exports the coal from the neighbouring coalfield.

*Hakodate* (102,000) exports the coal and other products of *Yezo*.

*Hiroshima* (167,000) is an important port on the Inland Sea. Other towns of size, but of only local importance are *Kanazawa* (129,000), *Kuré* (135,000), *Sendai* (104,000), *Okayama* (77,000), *Saseho* (86,000), and *Otaru* (89,000).

**Colonies and Dependencies.** *Kiau-Chau*, in the Chinese province of *Shantung*, for some years a German possession, has since 1915 been administered by the Japanese. The products are fruits, beans, ground-nuts, sweet potatoes, etc., while silk-culture, coal mining, briquette-making, brewing, and soap manufactures are carried on.

*Cho-sen* (or *Korea*), annexed to the empire of Japan in 1910, is a peninsula lying between the Yellow Sea and the Sea of Japan. The estimated area is 84,000 square miles, with a population of nearly 17,000,000. Agriculture is important, but the methods of cultivation are of a primitive type. The chief crops are rice, millet, cotton, hemp, soya beans and tobacco. Gold mining is carried on with increasing success, and copper, iron, graphite and coal are found in abundance. (See also under *KOREA*.)

The island of *Formosa* or *Taiwan* is divided into two distinct regions: a mountainous, forested region in the east inhabited by a Malayan people, some of whom are savages, and a fertile plain in the west cultivated by Chinese settlers, and producing rice, tea, hemp, and sugar, while coal and sulphur are mined. *Tathoku* is the capital, *Keelung* is the chief port.

The *Pescadores* (or *Hokoto*) consist of about twelve islands, with an area of 85 square miles and a population of 55,000.

*Sakhalin* (or *Karafuto*), has herring fisheries. There is a vast forest area of larch and fir trees. The minerals found are coal and alluvial gold.

The leased territory of *Kwantung*, the southern part of the *Liaoting* Peninsula, has an area of about 538 square miles and a population of over 572,000, of whom nearly 517,000 are Chinese and 55,000 Japanese. The chief products are maize, millet, beans, wheat, buckwheat, rice, tobacco, hemp, and various vegetables. There is an active fishing industry.

The *Caroline* and *Marshall Islands* are a group of islands in the Pacific Ocean, lying to the north of that portion of *New Guinea* which formerly belonged to Germany. They are at present administered by Japan under a mandate from the League of Nations.

Mails are despatched by various routes once a week. The time of transit, via the Siberian railway, is between seventeen and eighteen days. There are subsidiary services via *Vancouver* and *Suez*, occupying twenty-six and thirty-six days respectively.

**JAPAN WAX.**—A yellowish product, with an unpleasant odour like tallow, and a bitter taste. It is obtained by boiling the leaves, branches, and berries of a Japanese plant, known as *Rhus succedanea*. Though more easily worked than ordinary beeswax, it is not much used in Great Britain.

**JAPANNED WARES.**—These goods are prepared by coating articles of wood, metal (especially tin-plated iron), papier-mâché, and leather with varnish and then exposing them to heat, in order to harden the surface. The name is now applied to wares varnished in quite a different way from the method employed in Japan, where lacquer (*q v*) of a lasting quality is

carefully made from a base of purified vegetable juices, whereas the black japan used at *Birmingham* consists of asphaltum, amber or copal resin, and linseed oil. Better class goods receive several coatings, each being separately dried by heating in an oven, and then rubbed with ground pumice stone and rottenstone. The decorative work in gold or bronze is carried out afterwards. Common goods are only coated once. An inlay of shell or metal is usually worked into the japan required for papier-mâché goods. White japan is used for lining portable baths, but the most common japanned wares are articles such as trays, coal-vases, and boxes of all sorts.

**JARRAH.**—A species of eucalyptus growing in Australia, where its hard and durable timber makes an excellent substitute for mahogany, which it rather resembles. The wood contains a pungent acid, which repels the attacks of insects, and is, therefore, much employed for telegraph posts, railway sleepers, and wharf piles. It is also used for street paving and in shipbuilding. There are large exports to Great Britain.

**JASMINE.**—A genus of climbing plants, with fragrant flowers which yield an oil useful in perfumery, and occasionally employed in medicine.

**JASPER.**—A valuable stone, easily polished, which is used for decorative purposes. It is mined chiefly in *Sicily* and *Corsica*.

**JAVA.**—(See *HOLLAND*.)

**JEAN.**—A strong fabric made of twilled cotton. The variety known as *satin jean* has a smooth and glossy surface, as its name implies. *Manchester* is the chief seat of manufacture.

**JERKED BEEF.**—Sun-dried meat, used in *Brazil* and the *West Indies* as food for negroes. It is prepared in *Mexico*, where it is known as "tosago," and in *South America*, where it is called by the *Chilian* name "charqui."

**JERQUER.**—This is the name given to an officer of customs who searches vessels on their arrival in port, in order to ascertain whether there are any articles secreted on board which are liable to duty, and which are kept back or unentered with a view to smuggling.

**JERQUING.**—The act of searching vessels by the jerquer or other officer of customs.

**JESUITS' BARK.**—(See *QUINA*.)

**JET.**—A species of lignite, hard, compact, and of a velvety black colour, said to be due to the bituminous matter with which it is usually associated. It is found near *Whitby*, in *Yorkshire*, in the *Baltic* provinces, and in parts of *Bohemia*, *France*, and *Spain*, where *Oviedo* is the centre of the jet industry. Jet takes a high polish, and is much used for ornaments and mourning jewellery. Foreign competition is affecting the hitherto flourishing *Whitby* trade. Jet is much imitated, celluloid, vulcanite, and a species of glass being among the substances used for this purpose.

**JETSAM.**—Things thrown overboard in a time of peril at sea, which remain under the water. (Cf *FLOTSAM*.)

**JETTISON.**—Jettison, in its largest sense, signifies any throwing overboard; but, in its ordinary sense, it means throwing overboard for the preservation of the ship and cargo. The jettison must be made for sufficient cause, and not from groundless timidity. It must be made in a case of extremity when the ship is in danger of perishing by the fury of a storm, or labouring upon rocks or shallows, or is closely pursued by pirates or enemies. If the

residue of the cargo is saved by such sacrifice, the property saved is bound to pay a proportion of the loss. In ascertaining such average loss, the goods lost and saved are both to be valued at the price they would have brought at the place of delivery on the ship's arrival there, freight, duties, and other charges being deducted. The owner of a cargo jettisoned has a maritime lien on the vessel for the contributory share from the vessel on an adjustment of the average.

**JEWELLERY.**—The jeweller's craft is one of the most ancient, various Egyptian relics having been found which date as far back as 2,000 B.C. Precious metals, such as gold, silver, and platinum, and precious stones of various sorts, including diamonds, emeralds, pearls, rubies, amethysts, turquoises, agates, and many others, are used in the manufacture of personal ornaments. The work upon each of these constitutes a special industry. The jewellery of Clerkenwell is celebrated for the excellence of its quality, while the commoner sorts, including imitation jewellery, are produced at Birmingham. Paris is noted for cheap and attractive novelties, and Vienna, Berlin, and New York enjoy a similar reputation. Amsterdam is the centre of the diamond-cutting industry of the world, and India is famous for its delicate filigree work set with enamel and precious stones.

**JEW'S EAR.**—Also known as Judas's ear. It is a species of fungus growing on the elder tree, and was formerly used medicinally as an astringent.

**JOBBER.**—The functions of the jobber have been touched upon in that section of this work dealing with **BROKER**. Whereas the broker is an agent acting on behalf of his principal, the jobber is himself a principal, being a merchant or dealer in certain stocks and shares. He is as much a merchant in stocks and shares as a wholesale provision merchant is in connection with hams and cheeses, and, like him, he keeps a certain stock. He buys and sells, and his aim is usually to "even up his book," that is to say, if, during the day, he has sold 5,000 shares and bought only 3,000, his aim is, other things being equal, to purchase the balance of 2,000 shares, and thus even up his book. In such a case, if offers of the shares are not forthcoming, he will, in the ordinary course, raise the price at which he is a buyer, in order to provoke offers of stock; in the contrary event, that is to say, if he finds that there are more sellers than buyers about, he reduces his price, and thus, on the one hand, detests certain would-be sellers and perhaps induces other individuals to purchase. The system of two prices is explained under the heading of **DOUBLE QUOTATIONS**. Unlike the broker, the jobber is not permitted to deal direct with the public, but can only deal with brokers or other jobbers.

**JOB'S TEARS.**—The seeds of an Indian grass, the *Cox lachryma*, somewhat like maize. They are so called from their shape. They are hard and lustrous, and, though edible, are mainly used for personal ornaments, necklaces, ear-rings, bracelets, etc., being manufactured from them, and worn by the natives of India. The grass is now cultivated in the Iberian Peninsula, where the seeds are largely used for rosaries.

**JOD.**—A mineral salt found in many forms and largely used in many chemical mixtures. It is mined in Mexico, Chile and Spain.

**JOINT ACCOUNT.**—Generally speaking, this means an account in a particular business or

undertaking where two or more persons or firms combine to provide the necessary capital and services, and agree to divide the profits and losses arising out of the same. A partnership undertaking is a joint affair, and the partners enter into the business on a joint account.

In banking, a joint account signifies one which is kept in the name of two or more persons. When such an account is opened, unless all the parties are to sign cheques, an authority, signed by all, should be obtained, stating distinctly who may sign upon the account.

If no authority is held from the parties on a joint account, all cheques must be signed by all of them, and on proof of death of one of them the balance may be withdrawn by the survivors.

An authority may be cancelled by any of the parties at any time.

**JOINT ADVENTURE.**—The term commonly applied to a partnership confined to one particular transaction. It is more especially met with in Scotch law.

**JOINT AND SEVERAL LIABILITY.**—(See **JOINTLY** and **SEVERALLY**.)

**JOINT LIABILITY.**—(See **JOINTLY**.)

**JOINTLY.**—This word is used in connection with the liability which attaches to two or more persons, when only the whole of the members can be made accountable, and not each one separately. When the liability is joint, the whole of the members must be sued. (See **SEVERALLY**.)

**JOINTLY AND SEVERALLY.**—Where a promissory note is drawn by several makers "we jointly and severally promise to pay," each maker is liable for the full amount of the note; but if the note is worded "we promise," or "we jointly promise," the makers are liable as a whole, and not individually, for the full amount. Where a note, "I promise to pay," is signed by several persons, it is by Section 85, s. 2, of the Bills of Exchange Act, 1882, deemed to be their joint and several promise.

It is obviously to the advantage of a holder of a promissory note that all parties liable upon it jointly should be liable severally as well; he can then, if necessary, sue all of them at the same time for the whole amount of the debt, or sue each party separately for the whole amount. If one is sued and the holder fails to obtain payment in full, the remaining parties may then be sued. If one of the makers of a joint and several note dies, his estate is liable, but if the note is joint only, the estate of a deceased maker is not liable.

In the case of a banking account, where a joint account is overdrawn, the liability is joint only, and if one of the parties dies the survivor becomes liable for the full amount, the estate of the deceased is not responsible for the debt. Where a joint advance has been made, and one of the parties becomes bankrupt, the solvent party is liable for the whole amount. In cases of joint overdrawn accounts, it is customary, when the account is not otherwise secured, to obtain a guarantee signed by all the parties; when this is done a claim can be made upon the deceased's or bankrupt's estate.

A payment, or acknowledgment, by one does not prevent the other parties who have signed a promissory note from pleading the Statute of Limitations, whether they have signed "jointly" or "jointly and severally." (See **STATUTE OF LIMITATIONS**.)

An ordinary cheque, signed by more than one

individual, is not a joint and several document. (See PROMISSORY NOTE)

**JOINT STOCK.**—Stock held jointly or in a company.

**JOINT STOCK COMPANIES.**—(See COMPANIES, JOINT STOCK)

**JOINT TENANTS.**—Where land is not held by one individual, but by two or more persons jointly, the holders are known as joint tenants if they have an equal interest or right in the whole of the property. The most important point in connection with joint tenancy is the fact that on the death of any one of the joint tenants his interest or right passes to the surviving joint tenants, and if there is eventually only one left, the survivor becomes the sole owner and may deal with the estate as if he were any other kind of tenant.

A joint tenant cannot devise his interest or right by will, but he may sell it to an outside person. The outside person, however, does not become a joint tenant, but a tenant in common (*qv*), and he can deal with his share according to his own wish. If one joint tenant purchases the share of another, the transfer is effected by a release and not by a conveyance, because each joint tenant is already equally possessed of the whole property.

At common law a joint tenant could never obtain a share in the property in his own right, but at an early stage of English history there was provision made by statute for an action for partition (*qv*), so that if a joint tenant now desires it, he can, as it were, split up the estate and become sole owner of that portion of it which is awarded to him by the court.

**JOINTURE.**—An estate in lands settled upon a woman, which she is to enjoy after her husband's death.

**JOINT VENTURE ACCOUNT.**—A joint venture account is an account which shows the transactions of a special undertaking entered into jointly by two or more persons. These persons combine together and contribute either services or capital, or both, for the purpose of the venture, and share the profits or losses which result in a manner agreed upon.

The accounts are kept in a similar manner to consignment accounts, the joint venture account being in reality a profit and loss account for the particular business undertaken, and the balance of same on completion debited or credited, as the case may be, to the parties entitled, in their respective proportions.

Working concurrently with this account, however, personal accounts also require to be opened for each person, and the amount of goods, or cash, contributed credited, and adjustments made for any other items which may affect the venture, such as interest for moneys advanced, commission, allowances for services, etc.

The example given shows the complete accounts relating to this class of undertaking, assuming the following transactions—

Messrs. Batty Bros., of London, purchased from Percy & Co. and shipped to Messrs. Schmidt & Co., Lagos, on joint account, goods, £850. Their payments in connection with the shipment were: carriage, £5; freight, £7 10s. 0d.; insurance, £2 and sundries, £1 15s. 0d. They drew on Schmidt & Co. for £800. The account sales sent by Schmidt & Co. showed the goods realised £940, and that their expenses had been: Landing charges, £4; portage, £4 10s. 0d., and sundries, £2 3s. 0d., and enclosed an acceptance due to Batty Bros. Profits to be divided two-fifths to Schmidt and three-fifths to Batty Bros.

In Batty Bros. Books.

| Dr.                      |    |     |    | Joint Account with Schmidt & Co., Lagos. |                   |    |     | Cr. |    |    |  |
|--------------------------|----|-----|----|--|-------------------|----|-----|-----|----|----|--|
|                          |    | £   | s. | d.                                       |                   |    |     | £   | s. | d. |  |
| To Percy & Co.—Goods     | .. | 850 | 0  | 0  | By Schmidt & Co.— |    |     |     |    |    |  |
| „ Cash —Carriage         | .. | 5   | 0  | 0  | Gross Realisation | .. | 940 | 0   | 0  |    |  |
| „ „ —Freight             | .. | 7   | 10 | 0  |                   |    |     |     |    |    |  |
| „ „ —Insurance           | .. | 2   | 0  | 0  |                   |    |     |     |    |    |  |
| „ „ —Sundries            | .. | 1   | 15 | 0  |                   |    |     |     |    |    |  |
| „ Schmidt & Co.—         |    |     |    |  |                   |    |     |     |    |    |  |
| Expenses                 | .. | 10  | 15 | 0  |                   |    |     |     |    |    |  |
| 2/5ths share Profits     | .. | 25  | 4  | 0  |                   |    |     |     |    |    |  |
| Profit and Loss Account— |    |     |    |  |                   |    |     |     |    |    |  |
| 3/5ths share Profits     | .. | 37  | 16 | 0  |                   |    |     |     |    |    |  |
|                          |    | 940 | 0  | 0  |                   |    |     | 940 | 0  | 0  |  |

| Dr.              |    |     |    | Schmidt & Co. |                     |    |     | Cr. |    |    |  |
|------------------|----|-----|----|---------------|---------------------|----|-----|-----|----|----|--|
|                  |    | £   | s. | d.            |                     |    |     | £   | s. | d. |  |
| To Joint Account | .. | 940 | 0  | 0             | By Bills Receivable | .. | 800 | 0   | 0  |    |  |
|                  |    |     |    |               | „ Joint Account—    |    |     |     |    |    |  |
|                  |    |     |    |               | Expenses            | .. | 10  | 15  | 0  |    |  |
|                  |    |     |    |               | 2/5ths share Profit | .. | 25  | 4   | 0  |    |  |
|                  |    |     |    |               | „ Bills Receivable  | .. | 104 | 1   | 0  |    |  |
|                  |    | 940 | 0  | 0             |                     |    | 940 | 0   | 0  |    |  |

In *Schmidt & Co.'s Books.*

| Dr.                         |    |      |    | Joint Account with Batty Bros., London. |                 |    |      | Cr. |    |  |  |
|-----------------------------|----|------|----|---|-----------------|----|------|-----|----|--|--|
|                             |    | £    | s. | d.                                      |                 |    | £    | s.  | d. |  |  |
| To Batty Bros. — Goods ..   | .. | 850  | 0  | 0                                       | By Cash .. .. . | .. | 940  | 0   | 0  |  |  |
| " " — Expenses ..           | .. | 16   | 5  | 0                                       |                 |    |      |     |    |  |  |
| " Cash — Landing Charges .. | .. | 4    | 0  | 0                                       |                 |    |      |     |    |  |  |
| " " — Porterage ..          | .. | 4    | 10 | 0                                       |                 |    |      |     |    |  |  |
| " " — Sundries ..           | .. | 2    | 5  | 0                                       |                 |    |      |     |    |  |  |
| " Batty Bros. —             |    |      |    |   |                 |    |      |     |    |  |  |
| ½th share Profit ..         | .. | 37   | 16 | 0                                       |                 |    |      |     |    |  |  |
| " Profit and Loss Account—  |    |      |    |   |                 |    |      |     |    |  |  |
| ½th share Profit ..         | .. | 25   | 4  | 0                                       |                 |    |      |     |    |  |  |
|                             |    | £940 | 0  | 0                                       |                 |    | £940 | 0   | 0  |  |  |

| Dr.                      |    |      |    | Batty Bros. |                     |    |      | Cr. |    |  |  |
|--------------------------|----|------|----|-------------|---------------------|----|------|-----|----|--|--|
|                          |    | £    | s. | d.          |                     |    | £    | s.  | d. |  |  |
| To Bills Payable .. .. . | .. | 800  | 0  | 0           | By Joint Account—   |    |      |     |    |  |  |
| " " " " .. .. .          | .. | 104  | 1  | 0           | Goods .. .. .       | .. | 850  | 0   | 0  |  |  |
|                          |    |      |    |             | Expenses .. .. .    | .. | 16   | 5   | 0  |  |  |
|                          |    |      |    |             | ½th share Profit .. | .. | 37   | 16  | 0  |  |  |
|                          |    | £904 | 1  | 0           |                     |    | £904 | 1   | 0  |  |  |

**JONQUIL.**—A species of narcissus introduced into Britain from Spain, and yielding an essential oil useful in perfumery.

**JOURNAL.**—The Journal is, as its name implies, a *Day Book* (French, *jour*, a day), *ie*, a book in which the entries are made day by day as they take place, and, as such, is one of the books of first or original entry. Under continental systems of book-keeping it is the principal, often the only book of original entry, all items being posted to their respective accounts in the ledger through its medium.

The entry is made by stating the account to which the item is debited, with the amount in the first (debit) column, and, immediately beneath, the account to which the item is credited, with the amount in the second (credit) column, the total of the debit column thus agreeing with that of the credit column. Each entry, wherever necessary or advisable, is followed by a short explanation of the nature of the transaction, such entry being technically known as a "narration." Such narrations should be made in clear and yet concise style, the journal losing much of its value if the narrations are made so vaguely that at a future time they cannot be followed by any person having to deal with them without the aid of the person who has made the entries, or of the documents relating to them.

The journal is sometimes kept with tabulated columns for the reception of items of similar character, the totals only being posted to the accounts in the ledger, and where the books are kept on self-balancing principles, columns are also provided for the reception of the items affecting each ledger, so providing the totals for insertion in the adjustment accounts.

**JOURNAL, USE OF.**—The journal is used as the principal book of original entry on the continent in all countries adopting the Code Napoleon, under

which stringent rules exist in regard to it, its use being strictly enforced in some countries under very heavy penalties, each page bearing a Government stamp. There it is the only book which will be taken as evidence in the law courts, and should an erasure be made, or an entry altered in any way so that the original cannot be read, this will invalidate as evidence the whole of the transactions on that page.

The use of the journal in this country has, to a large extent, been discontinued, the other books of original entry, viz., cash book, day book, invoice book, returns book, etc., having taken its place, with the result that it is now used only as a pick-up book for the reception of items for which no special book of original entry is kept. Of these may be mentioned any items requiring special explanation, the introduction of new capital, transfers from one ledger to another, sometimes the opening entries of a new set of books, sometimes the closing entries at the end of each period; the opening accounts of a limited company, special transactions in trust accounts, consignment transactions when a special consignment day book is not kept, and bill transactions when special bills ledgers are not kept, these latter being matters of so great importance and on which error is likely to take place, that it is advisable to record them in this way as well as through the bills books.

On the next page is a form of journal, with a few entries of special character showing the necessary narrations. (See JOURNAL.)

**JOURNALISE.**—The act of entering up the journal.

**JOURNEYMAN.**—This name is now generally applied to an artisan or to a mechanic who has served a period of apprenticeship to his trade, and works as a skilled man for a definite wage. Originally it meant a tradesman who was paid for his work by the day.



**JOWARRI.**—A cattle food exported in large quantities from India. It is obtained from a species of millet, and is used in India as a food.

## JOURNAL.

## Opening Entries

|   |            | £       | s. | d. | £       | s. | d. |
|---|------------|---------|----|----|---------|----|----|
| <b>Sundry Assets</b> <i>Dr.</i>   |            |         |    |    |         |    |    |
| <b>To Sundry Liabilities</b> <i>Cr.</i>   |            |         |    |    |         |    |    |
| Horses, Carts, & Harness  |            | 184     | 10 | 0  |         |    |    |
| Office Furniture  |            | 60      | 0  | 0  |         |    |    |
| Stock   |            | 1,020   | 0  | 0  |         |    |    |
| Bills Receivable  |            | 100     | 0  | 0  |         |    |    |
| (as per schedule)   |            |         |    |    |         |    |    |
| Sundry Debtors  |            | 300     | 16 | 8  |         |    |    |
| (as per schedule)   |            |         |    |    |         |    |    |
| To Sundry Creditors   |            |         |    |    | 190     | 8  | 1  |
| (as per schedule)   |            |         |    |    |         |    |    |
| Bills Payable   |            |         |    |    | 240     | 0  | 0  |
| (as per schedule)   |            |         |    |    |         |    |    |
| Bank overdraft  |            |         |    |    | 160     | 11 | 3  |
| Capital—  |            |         |    |    |         |    |    |
| S. Nickel   | £532 13 8  |         |    |    |         |    |    |
| B. Abbott   | £532 13 8  |         |    |    |         |    |    |
|   |            |         |    |    | 1,065   | 7  | 4  |
|   |            | £ 1,665 | 6  | 8  | £ 1,665 | 6  | 8  |
| <b>Depreciation</b> <i>Dr.</i>  |            | £       | s. | d. | £       | s. | d. |
| Profit and Loss Account   |            | 595     | 0  | 0  |         |    |    |
| To Machinery  |            |         |    |    | 595     | 0  | 0  |
| Being Depreciation at the rate of 10 per cent. per annum on original cost, for the six months ended this day.   |            |         |    |    |         |    |    |
| <b>Adjustment of Error</b>  |            |         |    |    |         |    |    |
| Mar. 31. Z's Capital A/c  | <i>Dr.</i> | 35      | 0  | 0  |         |    |    |
| " " To Y's Capital A/c  | <i>Cr.</i> |         |    |    | 35      | 0  | 0  |
| Being adjustment entry made in order to correct the omission of interest on the partners' Capital from the Profit and Loss A/c for the year ending December 31, 19...   |            |         |    |    |         |    |    |
| <b>Transfers from Reserve Fund</b> <i>Dr.</i>   |            | £ 5,680 | 0  | 0  |         |    |    |
| Mar. 31. Reserve Fund   |            |         |    |    |         |    |    |
| " " To Closed Works   |            |         |    |    |         |    |    |
| " " A/c   | <i>Cr.</i> |         |    |    | 3,500   | 0  | 0  |
| " " Profit and Loss—  |            |         |    |    |         |    |    |
| Deficiency  | <i>Cr.</i> |         |    |    | 3,780   | 0  | 0  |
| " " Goodwill  | <i>Cr.</i> |         |    |    | 1,400   | 0  | 0  |
| Being amounts transferred from Reserve Fund in elimination of fictitious values on Closed Works A/c and Goodwill, and to cancel deficiency on Profit and Loss A/c as per Resolution of the Board passed 19... |            |         |    |    |         |    |    |
| <b>Transfer to Bad Debts Account</b>  |            |         |    |    |         |    |    |
| Mar. 31. Bad Debts A/c  | <i>Dr.</i> | 20      | 5  | 6  |         |    |    |
| " " To W. Smith   | <i>Cr.</i> |         |    |    | 20      | 5  | 6  |
| Being the balance of this A/c now written off.  |            |         |    |    |         |    |    |

**JUDGE'S ORDER.**—An order made by a judge, either of the High Court or of a county court, upon any matter which is brought before him, as, for example, a charging order (*q v.*) or a garnishee order (*q v.*).

**JUDGMENT.**—(See ACTION.)

**JUDGMENT CREDITOR.**—A person who has brought an action for debt or damage against another in a court of law, and has obtained judgment for the whole or a part of the amount claimed. The rights of a judgment creditor are—

(1) An action for non-payment of the judgment debt.

(2) Power to issue execution.

(3) Power to issue a bankruptcy notice.

(4) A committal of the debtor to prison under certain conditions.

**JUDGMENT DEBTOR.**—A debtor against whom a judgment has been obtained, ordering him to pay a sum of money, such order not having been satisfied. A judgment debtor may be examined as to his means, and the judgment creditor may proceed against him by issuing an execution, serving a bankruptcy notice upon him, or getting an order for committal if it is proved that he has had means to pay the amount of the judgment debt since the judgment, and has refused to do so.

**JUDGMENT SUMMONS.**—This is a summons taken out, either in the High Court or in the proper county court, by a judgment creditor (*q v.*), under which the judgment debtor (*q v.*) is brought up for an examination as to his means, and upon which an order will be made for payment, either at once or by instalments, if it appears to the judge that he has means by which he can liquidate his liability. Upon a judgment summons, an order may be made for the committal of the debtor to prison in default of payment. Unless it is made quite clear that the debtor possesses means, no order will be made.

**JUDICIAL TRUSTEE.**—This is an official created under the Judicial Trustee Act, 1896. Under that Act a judge of the High Court, or of a county court (provided he has jurisdiction), is empowered, upon the application of any person creating a trust, or of any trustee or beneficiary under an existing trust, to appoint any fit and proper person who has been nominated for the purpose as a judicial trustee, and this judicial trustee is to act in the administration of the trust either alone or in conjunction with some other person. Also, under the Act, if sufficient reason is shown, a judicial trustee may be appointed to act in the place of any existing trustees. A fixed rate of remuneration is paid to the trustee out of the trust funds. There are certain duties prescribed by the Act which must be fulfilled by the trustee, the principal being the annual rendering of an account of the trust in a prescribed manner. The judicial trustee will in all probability cease to exist in the near future, owing to the appointment of the public trustee (*q v.*) under the Act of 1906, which Act came into force on January 1st, 1908.

**JUGO-SLAVIA.**—This is another new state, like Czechoslovakia (*q v.*), which has been carved out of a portion of the former Austro-Hungarian Empire, and has been tacked on to the ancient kingdom of Serbia and Montenegro. It is bounded by the republics of German-Austria and Hungary on the north, Albania and Greece on the south, Bulgaria, Rumania and Greece on the east, and the new portion of Italy on the west.

This state is a monarchy, the present ruler being the former king of Serbia. Agriculture is practically the sole occupation and source of wealth of the people.

Belgrade (91,000) is the capital. It is essentially a modern city, and was, and no doubt will continue to be, an important railway centre.

There are several towns of considerable size—Monastir (60,000), Prizrend (40,000), Uskub (47,000), and Nish (35,000)—but of no special commercial value.

Postal communications to this kingdom will be between two and three days when normal conditions return. (See also SERBIA.)



**JUNGLE MARKET.**—That part of the Stock Exchange in which dealings in West African mining shares are transacted.

**JUNIPER.**—A genus of evergreen shrubs belonging to the order *Coniferae*. The berries of the common juniper, which is found in Great Britain and in many parts of North Europe, are used in making gin (*q.v.*). They also yield by distillation an essential oil, which is employed in medicine as a diuretic. The wood of an Indian species of juniper is used by native turners and cabinet makers, but the most beautiful variety is the Virginia juniper, or red cedar of America, so called from its beautiful reddish wood, which is much used for making cigar boxes and lead pencils, owing to the scarcity of the Bermuda cedar.

**JUNK.**—A name applied both to a clumsy Chinese vessel and to old pieces of cordage, hemp, etc., used for making rope mats, ship sacks, oakum, and thick brown paper.

**JURISDICTION.**—This word is used with two meanings, as referring either to the power of the court or to the territorial limits within which its powers can be exercised. The power of the High Court is unlimited, except in so far as it is restrained by statute; but the power of an inferior court is never exercisable beyond the limits which have been laid down for its guidance and control. In case a court of inferior jurisdiction attempts to assert its powers beyond what it is entitled to do,

the High Court may restrain it by prohibition (*q.v.*); or, similarly, if it refuses to exercise its authority, it can be made to do so by mandamus (*q.v.*). As respects its scope, the jurisdiction of English courts extends to British dominions only, *i.e.*, to British soil and to 3 miles beyond low-water mark; but in certain cases provision is made for bringing a defaulting

person to task, even though he is resident outside British territory. This, however, is a matter of practice and procedure, and is of a highly technical character. If there is a dispute between parties as to real property situated abroad, the English courts will absolutely refuse to entertain any question regarding it for a single moment.

**JURORS.**—(See JURY.)

**JURY.**—A jury is a body of men selected and sworn to declare the truth as to any particular matter on the evidence placed before them. Persons summoned to serve upon a jury must be duly notified of the fact, and any failure to appear, without sufficient reason, renders the delinquent liable to a fine. When a juror has been summoned to attend the assizes, it may turn out that there are no cases to try. The juror will then receive a special notice that his attendance is not required; otherwise he must be present. Except in the case of a jury of matrons being empanelled, no woman can sit upon any jury.

If a name appears upon a jury list, no exemption is granted unless the leave of the presiding official is obtained at the court to which

the juror is summoned, or unless he is suffering from illness. It is advisable, therefore, that the jury lists should be periodically examined to see that names are not improperly inserted, especially by those men who desire to claim exemption. No man who has been convicted of treason, felony, or any infamous crime, unless he has been pardoned, can sit upon any jury, and the following persons are exempted by Act of Parliament—

Peers; M.P.'s; judges; clergymen; Roman Catholic priests; dissenting ministers and Jewish rabbis, whose places of meeting is duly registered (provided they follow no other occupation except that of schoolmaster); serjeants; barristers; certificated conveyancers; special pleaders (if actually practising); members of the society of doctors of law and advocates of the civil law (if actually practising); attorneys, solicitors, and proctors (if actually practising and having taken out their annual certificates), and their managing clerks and notaries public in actual practice; officers of the court of law and of equity and the clerks of the peace and their deputies (if actually exercising the duties of their respective offices); coroners, gaolers, keepers of houses of correction, and all subordinate officers of the same; keepers of public lunatic asylums; all registered medical practitioners and pharmaceutical chemists (if actually practising); officers of the Army, Navy, Militia, and Yeomanry, while on full pay; the

members of the Mersey Docks and Harbour Board; the master, warden, and brethren of the Corporation of Trinity House, of Deptford Strand; pilots licensed by the Trinity House of Deptford Strand, Kingston-upon-Hull, or Newcastle-upon-Tyne; and all masters of vessels in the buoy and light service employed by any of these corporations, and all pilots licensed under any Act of Parliament; officers of the post office; commissioners of customs and inland revenue, and those employed by them in collection and management; sheriff officers, police officers, metropolitan magistrates, and their clerks, ushers, doorkeepers, and messengers, members of the municipal corporation of any borough, and the town clerk and treasurer; and every justice assigned to keep the peace therein (so far as relates to any jury summoned to serve in the county where such borough is situated), burgesses of every borough in which a separate court of quarter session is held, so far as relates to a jury summoned for any sessions in the county where the borough is situated justices of the peace within the place of their own jurisdiction, and officers of the House of Lords and the House of Commons. Recently, exemption has been granted to members of the Territorial Forces.

The various kinds of juries are here treated of separately—

1 **Criminal Law. Grand Jury.** Except in those cases where a criminal trial takes place by inquisition or information (*q v*), a bill of indictment (*q v*) must be prepared, and this bill is placed before the grand jury, whether at quarter sessions or at the assizes.

The grand jury is summoned by the sheriff or the clerk of the peace, according as the jury is required for assizes or sessions. The number summoned is generally twenty-four, but the grand jury may consist of any number between twelve and twenty-three, so that twelve may be a majority. Their duty is "to inquire into, present, do, and execute all those things which, on the part of our Lord the King shall then be commanded them." There are no special qualifications for grand jurors at the assizes, but the members are generally composed of gentlemen of good standing in the county. At borough quarter sessions the only requirement is that the members shall be burgesses. At county sessions they must have the qualifications of petty jurors. These qualifications are: They must (1) be over the age of twenty-one; (2) have a clear income of £10 a year arising out of landed property, or be entitled to that amount for their own lives or for the life of another; or (3) have a clear income of £20 a year arising out of leasehold lands or tenements, held for a term of twenty-one years or more, or for a term terminable on life or lives, or (4) be householders rated for inhabited house duty in Middlesex at not less than £30, and in any other county at not less than £20; or (5) occupy a house with not less than fifteen windows.

On the opening day of the assizes or sessions, the grand jury are sworn and charged, that is, informed generally of the nature of the cases which will be brought before them for their consideration. They then retire to a separate room, choose a foreman from amongst themselves, and the bills of indictment are placed before them. Each case is gone into and the witnesses for the prosecution appear. If the majority, which must be twelve, are of opinion that a *prima facie* case is made out, the words, "a true bill" are indorsed, on the back of the bill of indictment, the indictment is taken back

into court by some of the grand jury, and the prisoner named in the indictment is put on his trial before a common jury. If it is thought that no *prima facie* case is made out, the words "not a true bill" or "no bill" are indorsed. Such a bill is brought into court as before, and the clerk of the peace declares the opinion of the grand jury. The bill is said to be ignored or thrown out. When the whole of the bills have been considered, the grand jury return into court in a body and are formally thanked for their services.

When a true bill has been returned, the prisoner is put upon his trial, and his fate is decided by a common jury. If the common jury disagree, the case may be sent over for a future trial. But it is rare for a prisoner to be tried more than twice. If there is a disagreement on two occasions, the Crown generally refuses to go on. In legal language, a *nolle prosequi* is entered. When no true bill is found, there is nothing to prevent the bill of indictment being presented on a future occasion before another grand jury, either upon the same or upon further evidence. By finding no true bill, therefore, it may happen that a prisoner may be tried subsequently and convicted, the additional time allowed having given the police authorities an opportunity of procuring further or better evidence. But if once a true bill is returned and a prisoner is acquitted by a common jury, mainly through the deficiency of evidence, no further trial can take place, as the prisoner can plead that he has been previously acquitted (or, in technical language, *autrefois acquit*) of the same offence.

It is not often that a bill of indictment is presented before a grand jury without a previous examination having taken place before a magistrate. In certain cases, however, a bill of indictment may be presented by a private individual.

**Common Jury.** In criminal cases the common jury, or, as it is sometimes called, the petty or the traverse jury, are the persons appointed to try an accused person against whom a true bill has been found by the grand jury upon an indictment, or to inquire into the innocence or guilt of a person charged upon inquisition (*q v*) or information (*q v*). (It is only in the rarest cases that a special jury can be summoned in a criminal case, and then the case must be one which is removed for trial into the King's Bench Division of the High Court.) The qualifications of a juror are set out above. A large number of persons who are entitled to be called upon, and whose names are on the jury lists, are summoned for each assizes or quarter sessions, as the case may be, and twelve are selected to sit in the jury box. A foreman is generally selected, but in practice he is generally the juryman who first takes his place in the jury box. As soon as the prisoner is arraigned (or as soon as several are arraigned, if there are more than one), the jury are sworn by an officer of the court, the prisoner or prisoners being first of all informed that the jury are the men appointed to try them, and so as to give them the right of challenge. By challenge is meant the right of a prisoner to object to the jury, though if good cause is shown the whole may be objected to by either side. But without showing any reason, a prisoner may peremptorily challenge thirty-five persons when he is charged with treason, or twenty when he is charged with a felony (*q v*). There is no right of challenge when the offence alleged is a misdemeanour (*q v*). The oath is

administered to each jurymen, unless he is challenged, according to an Act passed in 1909 (when "kissing the Book" was abolished), though any jurymen who objects to be sworn in this manner may take the oath in any fashion which is binding upon his conscience. As soon as the jury are sworn, an outline of the charge against the prisoner is read over by the clerk of arraigns, or the clerk of the peace. The trial then proceeds, and the verdict, "Guilty" or "Not guilty," is delivered through the foreman of the jury. The jury must be unanimous. If unanimity cannot be obtained, the jury are generally discharged, though according to an old law they might be kept in confinement until a verdict, one way or the other, is arrived at. By Scotch law there is a third verdict possible, viz., "not proven." This is unknown to English law. When a verdict of a jury has once been given, a prisoner cannot be tried again for the same offence, as has already been mentioned.

In order that there might be no possibility of tampering with jurymen, it was not permitted for them to separate in cases of felony, when once a trial had commenced, until a few years ago. At the present day there is no rigid confinement unless the charge is one of treason or murder.

In cases of misdemeanour (*qv*), the jury are sworn in a similar manner, although the form of the oath is slightly different. This is a matter of practice, and needs no further notice here.

No payment is made to a jurymen for his services in a criminal case.

**Jury of Matrons.** This is a jury composed of twelve women, only summoned on very rare occasions, viz., when a woman has been condemned to death, and she alleges that she is pregnant. The jurors must consist of married women, and they are duly empanelled to inquire and examine whether the allegation is well founded. If their verdict is to the effect that the prisoner is pregnant, the sentence of execution is postponed.

**Civil Law. Special Jury.** In civil cases it sometimes happens that the questions to be raised are of very great importance, and one or both of the parties may be desirous that the jurors shall be men of high standing and superior education. Then it is the duty of the authorities to call a special jury instead of a common jury. It consists of twelve men. Generally speaking, a man is qualified to act as a special jurymen if his name is on the jurors' book for any county, and he is legally entitled to be called "esquire," or is a person of higher degree, or is a banker or merchant, or occupies a private dwelling-house rated and assessed at not less than £100 in a town containing 20,000 inhabitants or more, and at £50 in a less populous place, or occupies premises other than a farm assessed at not less than £100, or a farm rated and assessed at £300 or more. In all ordinary respects, so far as procedure is concerned, a special jury does not differ from a common jury, but there is a great difference as to remuneration. A special jurymen receives one guinea for each case in which he is sworn. The person who demands the special jury is primarily responsible for the twelve guineas which have to be paid, but if he wins his case he may obtain a certificate from the judge throwing the expense upon the losing party. This will depend upon whether the judge considers the case one which ought to be tried by a special jury. Sometimes an arrangement is made between the parties to the suit which is being tried that the

remuneration shall be increased if the trial extends over a considerable period of time.

It will be readily understood that a special jury in the Mayor's Court (*qv*) is perhaps the finest jury in the world. There are no special juries in county courts.

Jurors are summoned to the High Court in London or to the assizes by the sheriff, and are called upon to sit as required. They are chosen before the case is announced, and they take their seats in the jury box, a foreman being chosen as before stated. Having been sworn by an officer of the court, the trial proceeds, and at its conclusion the verdict is given through the foreman. Although in theory the verdict should be the unanimous decision of the jury, it is well known that a compromise is frequently made, and the opinion of the majority governs. Sometimes the parties are asked to accept the verdict of the majority. The particular decision at which a jury is asked to arrive is denoted by the presiding judge in his summing-up.

**Common Jury.** The common jury is in many respects the same as a special jury, except that the qualifications are lower. They are sworn and they return their verdict in the same manner as a special jury.

**Mayor's Court and County Courts.** In the Mayor's Court (in which a special as well as a common jury may be held) the jury consists of twelve men, but in county courts the number is eight. In each of them the jury is sworn in the same manner as in the High Court.

Although, as already stated, there is no payment of jurymen in criminal cases, a common jury in civil cases are remunerated for their services. In the Law Courts in London and in county courts each common jurymen receives 1s. per case. At the assizes the usual payment is 1s. 6d. per case, whilst in the Mayor's Court the sum of 4d. (the old groat) is awarded. Again, when jurymen are required to view any particular place connected with the case which is being tried, an allowance of 5s. may be made.

**Coroner's Juries.** There appears to be no qualifications at all for jurors in a coroner's court. Male persons who are summoned must attend, and if there are not sufficient present at an inquiry, the officer of the court may go out and compel persons who are passing or who are in the immediate neighbourhood to come in and act. This is then called a "tales" jury, derived from the Latin phrase *tales de circumstantibus, i.e.*, "such of those who are about."

**Juries Act, 1918.** Whilst the law as to juries remains as above stated, limits have been put upon the rights of litigants to a jury in civil cases. The Juries Act, 1918, is an act to limit the right to a jury in certain civil cases, to raise the age for jury service, to amend the law with respect to the preparation and publication of jury lists, and to enable coroner's inquests in certain cases to be held without a jury. This act provides that in civil cases in England a jury may not be demanded except in cases where fraud is alleged, or in libel, slander, malicious prosecution, false imprisonment, seduction or breach of promise, in each of which cases the right is retained. In the County Court no jury is allowed when the value in question is under £5, and if over £5 there is no right where a jury would not be allowed in the High Court.

Under the same Act coroner's inquests may be held without jury, unless the death occurs in prison.

or a charge of murder or manslaughter is likely to follow the inquest.

The jury system in Ireland closely resembles that of England, but in Scotland there is a difference. The qualification of a special juror is paying "cess" on £100 rent, or taxes on a house of £30 annual rent, or being "infeft" in lands or heritages in Scotland of an annual rental of £100, or being worth £1,000. A common juror is a person who is seised of lands or tenements of the value of £5 per annum, or who has personal property to the extent of £200. The age limit is twenty-one to sixty. In criminal trials the number of the jury is fifteen, and a verdict of the majority is enough.

**JUSTICE, HIGH COURT OF.**—(See HIGH COURT.)

**JUTE.**—An important Indian fibre obtained from the *Corchorus capsularis* and *Corchorus olitorius* of Bengal. The fibre is the inner bark of the plants, and is separated from the woody stalk by prolonged steeping in water. This process is known as retting. It is thought that the quality of the jute would be greatly improved if a better method could be devised for separating the fibre from the stalk.

The best qualities of jute have a brownish yellow tint and a silky lustre, which has led to its employment in adulterating or imitating silk fabrics. The processes of spinning and weaving jute are similar to those used for flax, but the machinery is heavier. The fibre takes brilliant dye colours readily, and millions of small, brightly-dyed prayer carpets are exported from Dundee for the use of Mahometans. The manufacture of jute only began to acquire importance about the middle of the nineteenth century, when the improvement in spinning machinery made its working easy. The making of jute bags or gunny bags (*q.v.*) for the packing of grain, seed, salt, etc., is an important industry of Lower Bengal, which exports them in large quantities to the United States, Australia, and other parts of the world. Dundee is the chief centre of the jute trade in Great Britain, floor-cloths and inferior carpets, sackings, mattings, and tarpaulins, stage wigs, and hair pads being among the articles produced, while the coarser varieties are used for cordage and paper.

**JUVIA.**—A local name for the Brazil nuts of commerce.

# [KAA]

K.—This letter occurs in the following abbreviations—

|       |                       |
|-------|-----------------------|
| K B   | King's Bench          |
| K B D | King's Bench Division |
| Kg    | Kilogramme            |
| Kilo  | Kilderkin             |
| Kilo  | Kilogramme            |

**KAAT.**—The leaves of the *Catha edulis* and *Catha spinosa*, which are chewed by Abyssinians and Arabians, on account of their stimulating properties. The trade in the article is practically confined to Aden.

**KAFFIR CIRCUS.**—This is the name applied on the Stock Exchange to the market in South African shares.

**KAFFIR CORN.**—The South African name for a species of durra (*q.v.*) or Indian millet, mainly used as a cattle food, though a fermented liquor is also prepared from it. This is known as Kaffir beer. It has a sour taste and an unpleasant smell, but is of some value medicinally.

**KAFFIRS.**—A common name in Stock Exchange parlance applied to South African mining shares.

**KAINITE.**—A yellowish mineral occurring in Bavaria. It consists of magnesium sulphate and potassium chloride. It is largely used in the preparation of salts of potassium and as a manure.

**KALE.**—A hardy species of cabbage with open leaves. Seakale is a more choice vegetable obtained from the stems of the *Crambe maritima*.

**KALIUM.**—Another name for potassium.

**KAMALA.**—An orange-coloured powder used in India as a dye for silk goods. It is obtained from the small glands covering the seed capsules of the *Mallotus philippinensis*, a native of India. It has also some medicinal value as a purgative owing to the presence of a resin. Wurrus is another name for the same article.

**KAMTULICAN.**—An improvement on the original oil cloth for floor covering. It consists of a mixture of powdered cork and gutta percha, pressed by rollers to a flat surface. It has in recent years been largely superseded by linoleum.

**KAN.**—(See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**KANGAROOS.**—The flesh of these Australian marsupials was formerly used as a food by the natives, and a soup is still made from the tails. There is also a certain demand for the soft, woolly fur of the smaller specimens, but the principal commercial value is in the skins, of which large quantities are exported to Great Britain and the United States for the manufacture of gloves and boots.

**KANGAROOS.**—This is also a Stock Exchange name given to West Australian mining and land shares.

**KANDE.**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK.)

**KANNE.**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY.)

**KAOLIN.**—A pure white clay, consisting of hydrated aluminium silicate. It results from the decomposition of felspar, water replacing the potash and part of the silica. It owes its name to

# K

Kaoling, the Chinese mountain, where it was first found. Hence it is also known as China clay. There are deposits at Lamoges (in France), in Nebraska (United States), Saxony, Thuringia, the East Indies, Japan, and Australia; but the chief British supplies come from Cornwall, where kaolin was discovered in 1755. Kaolin is used in the manufacture of the finest kinds of porcelain, and is the basis of various sizes useful in paper making and for loading the commoner varieties of cotton fabrics. It is also much employed in the adulteration of starchy products, and in the preparation of alum, artificial ultramarine, and other pigments.

**KAPOK.**—Also known commercially as vegetable down. It is a downy substance obtained from the seeds of the *Bombax malabaricum*, a tree growing in the Dutch East Indies, to which the Dutch name "kapok" is due. Holland imports large quantities, which are used as a substitute for real down for stuffing cushions, etc.

**KARTELL.**—A group of business houses or manufacturers with agreements among themselves for regulation of prices and/or regulation of rate of production. Of late years practically all the pivot industries of Germany, and a majority of the same in America, were working under such Kartells. The word is nearly equivalent to the English expression "Trusts."

**KAURI.**—The magnificent New Zealand pine, which is valuable for its white, durable timber, used for planks, masts, paving, etc., and also for the well-known gum of the same name, which is used in the manufacture of varnishes. There is a large export trade from Auckland to Great Britain and the United States.

**KEEL.**—Keel is the backbone of a ship running longitudinally along the middle of the bottom. It consists of massive timbers fastened together lengthwise. From it spring on either side the ribs on which the ship's sides are laid, and from it, at the bow and stern respectively, the stem and the stern-post. It is usually protected by strong iron binding, so that the keel may be as little injured as possible in the event of the ship taking the ground. On the Tyne, "keel" is the name given to a flat-bottomed vessel used to carry coal to the colliers.

**KEELAGE.**—Keelage is a toll for every vessel coming within the port.

**KEEPING HOUSE.**—A debtor is said to keep house when he confines himself to his home and refuses to grant an interview to any of his creditors who call upon him at a reasonable hour. The legal and commercial importance of the term consists in this, that if a debtor thus begins to keep house, he commits an act of bankruptcy, upon which a petition may be filed. (See ACT OF BANKRUPTCY.)

**KEELUNE OIL.**—A medicinal oil without taste or smell, obtained by boiling the seeds of the *Aleurites triobola*.

**KELP.**—Seaweed ash, important at one time chiefly for the soda obtained from it, and more recently as the source of iodine (*q.v.*) and potash. Since cheaper methods of preparing these substances have been discovered, kelp has lost its importance, though there is still some trade in

# [KEL

the article in the west of Scotland and in the north-west of France.

**KEN.**—(See FOREIGN WEIGHTS AND MEASURES —JAPAN.)

**KENTLEDGE or KINTLEDGE.**—This is the name which is applied to the permanent ballast of a ship, and which is considered to be a part of the ship itself. Such ballast usually takes the form of pigs of iron, or some other weighty substance.

**KERMES.**—A scarlet dye, resembling cochineal, obtained from the dried bodies of certain female insects which live on the *Quercus coccifera*, an oak of South Europe. Since the introduction of the aniline colours, the trade in this article has rapidly declined. The same name is also given to a red-brown mineral prepared from sulphides and oxides of antimony, of which the powdered form is sometimes used in pharmacy.

**KEROSENE.**—Actually a distillate of petroleum, but frequently used to include all illuminant mineral oils. There are large exports from the United States and Russia.

**KETTE.**—(See FOREIGN WEIGHTS AND MEASURES —GERMANY.)

**KEY REGISTER.**—This is a book which is kept at the head office of a bank, containing a full list of all the keys of the safe strong rooms, etc., at the head office and the branches, as well as the names of the persons who are in possession of the keys.

**KID SKINS.**—The skins of young goats used for glove-making, though many of the so-called "kid gloves" are made of lamb skins. Goat skins and kid skins are imported from the Cape, Switzerland, and Asia Minor.

**KIDDERMINSTER.**—The name of a sort of carpet, so-called from the town in Worcestershire which first produced it. Carpets of various kinds, including Brussels, Wilton, and Axminster, are now made at Kidderminster, which has been noted for this industry since the earlier half of the eighteenth century.

**KIESELGUHR.**—An infusorial earth found in large deposits in Germany, the Isle of Skye, Ulster, Aberdeenshire, Algeria, and elsewhere. It is prepared for commerce by being purified by washing and calcining, and according to the number of times calcined and washed so is the quality and price. Its chief use is in the manufacture of paints, and as a dope for asbestos boiler and other coverings, and heat conservation in general. The atoms forming kieselguhr, when examined under a microscope, show it to be composed of pure silica in the form of miniature sea shells and this formation renders it the most absorbent and retentive of materials. For this reason it is also used as the retentive absorbent in dynamite, as it is able to retain, without sweating out, three times its own weight of nitro-glycerine, the other component of dynamite.

**KILDERKIN.**—A small barrel containing 18 gallons.

**KILM.**—Woolen carpets made chiefly on private house looms in Russia, Bulgaria and Kurdistan. Of late years imports into the United Kingdom have considerably increased.

**KILOGRAMME.**—The unit of weight in the metric system ( $\frac{1}{1000}$ ). It consists of 1,000 grammes. Compared with English weights, it is equivalent to 2.20462 lbs. avoirdupois, or rather more than 2 lbs.

**KIMMERIDGE CLAY.**—A bluish-grey, shaly, bituminous clay found in various parts of England, especially at Kimmeridge, in the Isle of Purbeck.

It frequently contains combustible oil shales and various other substances.

**KIN.**—(See FOREIGN WEIGHTS AND MEASURES —JAPAN.)

**KINDERSCOUT GRIT.**—Gritty sandstones found chiefly in Yorkshire and Derbyshire. They are quarried in large massive blocks at Eyam, in the latter county, and are used for reservoirs, foundations, engine-beds, and building purposes generally.

**KING'S BENCH DIVISION.**—(See HIGH COURT.)

**KING'S EVIDENCE.**—(See ACCOMPLICES.)

**KING'S REMEMBRANCER.**—(See REMEMBRANCER, KING'S.)

**KINGWOOD.**—A beautiful wood, sometimes streaked with violet, and hence known also as violet wood. It is imported from Brazil, and much valued by cabinet-makers.

**KINO.**—The red, resinous exudation of the *Pterocarpus marsupium*, a leguminous tree of Madras and Ceylon; and of the *Butea frondosa* of Bengal. It contains about 75 per cent of tannic acid, and greatly resembles catechu in its properties, being used in tanning and dyeing, and also medicinally as an astringent. It is sometimes employed in the preparation of certain red wines.

**KIRAT.**—(See FOREIGN WEIGHTS AND MEASURES —EGYPT.)

**KIRSCHWASSER.**—The German word for cherry water. It is a liqueur made principally in Germany, Holland, and Denmark by crushing cherries with their kernels and steeping them in grain oil and water. After distillation, the liquid is sweetened and allowed to ferment. In some cases the cherry juice is mixed with strong spirit and various aromatics.

**KITE.**—(See ACCOMMODATION BILL.)

**KITE-FLYING.**—The dealing in fictitious or accommodation bills.

**KITT FOX.**—The smallest fox of America. Great Britain does a large import trade in the skins.

**KITTOOL.**—A fibre obtained from the leaves of the *Caryota ureas*, a palm growing in Ceylon. Fishing lines and brush bristles are made of it. It is also called Indian gut.

**KNOT.**—The name generally applied to a nautical mile. The length of a knot is supposed to be one-sixtieth of a degree of latitude measured at the equator, and is equal to about 2,025 yards. (See MILE.)

**KOHL RABI.**—A species of cabbage with a turnip-like stalk. It is not much grown in Great Britain, but is a common field crop in Germany and Italy. It is often used as fodder, but in India a soup is made from it.

**KOILON.**—(See FOREIGN WEIGHTS AND MEASURES —GREECE.)

**KOKKOS.**—(See FOREIGN WEIGHTS AND MEASURES —GREECE.)

**KOKRA WOOD.**—A hard, close-grained wood of a deep brown colour, obtained from India and Burmah, and used for the manufacture of flutes and other musical instruments.

**KOKU.**—(See FOREIGN WEIGHTS AND MEASURES —JAPAN.)

**KOKUM BUTTER.**—The main constituent of certain ointments and other medicaments. It is a semi-solid, fatty substance obtained from the *Garcinia purpurea*, a plant found in India.

**KOLA NUTS.**—The bitter seeds or nuts of the *Cola acuminata*, a tree of tropical Africa, valued by the natives for the alkaloid they contain, which

is the same as that present in tea and coffee. In addition to their use as a stimulant, the nuts are used medicinally for liver affections, diarrhoea, etc., and also as an adulterant of cocoa. France and Germany import large quantities (mainly for the last-named purpose) from the west coast of Africa. Another name for the same product is Guru nuts.

**KOLINSKI.**—A species of mink exported from Siberia to Leipsic, where the skins are made up into muffis, stoles, capes, etc. Fine paint brushes are made from the tail of this animal.

**KOPEK.**—(See FOREIGN MONIES—RUSSIA.)

**KOREA.**—Korea is a mountainous peninsula on the east coast of Asia, lying on the opposite side of the Sea of Japan to the largest of the Japanese Islands and in the same latitude. By a treaty concluded between Japan and Korea in 1910, the Korean territory was formally annexed to the empire of Japan, and the title of the country was changed to Cho-sen. It has already been mentioned in the article on JAPAN.

The eastern shores are steep and mountainous, but those on the west are low. The Han is navigable for 160 miles, but most of the rivers are short, shallow, and rapid, and navigable only near the sea. Except during the hot, rainy season, the climate is suitable for Europeans.

Transport is chiefly by means of porters and pack animals, but under the new régime good roads are being made and railways are working from Seoul to Fusan, Chemulpo, and Wiju. Eventually these will connect with the Chinese and Siberian railways.

The chief exports are rice, beans, gold, hides and gin-seng, and the imports—cotton goods and yarn, iron and wool, silk, tobacco and timber. Most of the trade is with Japan, after which come China, Great Britain and the United States.

Seoul, the capital, with a population variously estimated at from 150,000 to 200,000, is the largest town and the seat of government.

The open ports are: Chemulpo, Fusan, Wonsan, Chinnampo, Mokpo, Kusan, Songchin, Ping yang, Wiju, Yong-Am-Po, Chung-jin, and Shin-wi-ju.

Mails are despatched as to China and Japan, the time of transit to Seoul being about forty days.

For map, see JAPAN.

**KORREL.**—(See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**KOTYLE.**—(See FOREIGN WEIGHTS AND MEASURES—GREECE.)

**KOUMISS.**—Also spelt Kumiss. The name given in Russia to fermented liquor prepared from mares' milk, which is first soured. It is said to have some medical value in cases of consumption of the lungs. A similar beverage has been made in England from the milk of asses.

**KRAN.**—(See FOREIGN MONIES—PERSIA.)

**KRONE, KRONEN.**—(See FOREIGN MONIES—AUSTRIA.)

**KRONER.**—(See FOREIGN MONIES—NORWAY.)

**KUKUI OIL.**—The product of a tree found in the Pacific Islands. It is used as an illuminant by the natives, and is sometimes employed in Britain for mixing colours.

**KUMMEL.**—A liqueur made chiefly in Russia from strong spirit flavoured with caraway seeds and cummin. Large quantities are exported from Riga.

**KUNDAL OIL.**—The product of a West African tree. It has some value as a purgative, but is mainly used by the natives as an illuminant.

**KUSKUS or CUSCUS.**—An Indian grass with fibrous, odouriferous roots, which, when dried, are known as vetiver, and are used in the manufacture of light articles, such as screens, baskets, fans, etc. An oil is extracted from vetiver, which is useful in perfumery, and is also employed for keeping clothing free from moths.

**KWAN.**—(See FOREIGN WEIGHTS AND MEASURES—JAPAN.)

**KYBOS.**—(See FOREIGN WEIGHTS AND MEASURES—GREECE.)



**[LAB]**

**L.**—This letter occurs in the following abbreviations—

|           |   |
|-----------|---|
| L/A,      | Letter of Authority                       |
| L.C.,     | London Cheque.                            |
| L/C,      | Letter of Credit                          |
| £E,       | Pounds, Egyptian.                         |
| L.O.,     | London Office                             |
| L/P,      | Life Policy                               |
| L.S.,     | Place for the Seal                        |
|           | (Latin, <i>Locus Sigilli</i> )            |
| L. s. d., | Pounds, Shillings, Pence.                 |
|           | (Latin, <i>Librae, Solidi, Denarii</i> ). |
| £ T,      | Pounds, Turkish.                          |
| Led.,     | Ledger                                    |
| Ltd.,     | Limited.                                  |

**LABEANUM or LADANUM.**—The resinous exudation of the *Cistus creticus*, a shrub growing in the Levant. It is not much used in England, but a perfume is prepared from it in Turkey.

**LABOUR BUREAUX.**—An Act to authorise the establishment of labour bureaux throughout the metropolis was passed in 1902. It enacted that it shall be lawful for the council of any metropolitan borough to establish and maintain a labour bureau. The term "labour bureau" means an office or place used for the purpose of supplying information, either by the keeping of registers, or otherwise, respecting employers who desire to engage workpeople, and workpeople who seek engagement or employment. Any expenses incurred by a borough council in, or incidental to, the exercise of the powers conferred by the Act are to be paid out of the general rate.

This Act of Parliament became a dead letter; it was merely permissive. When an Act says: "You may," you do not; when the Act says: "You must," you do. Local councils do not, as a rule, care to make experiments, especially if those experiments cost money. The article on **LABOUR EXCHANGES** (*qv*) fully discusses this question.

**LABOUR EXCHANGES.**—Labour Exchanges were set up by the Labour Exchanges Act, 1909, the carrying out of the provisions of which was entrusted by the Act to the Board of Trade. The growth of this department of the Government was so rapid during the war, and the importance of its employment aspect so constantly increasing, that its functions were divided and a new Ministry was set up to deal with all questions relating to employment. The Ministry of Labour, as the new department was called, took over the duties of the Board of Trade in relation to Labour Exchanges, and whilst popularly these offices are still known by the title of this article, officially the correct title is Employment Exchange.

By the Labour Exchanges Act, 1909, the Board of Trade was authorised to establish and maintain Labour Exchanges wherever they think fit. They were authorised also to assist Labour Exchanges maintained by other authorities, and to co-operate with other authorities in the assisting of labour. Authority was, at the same time, given for the setting up of a statistical department, which duty is now carried out as an important function of the Ministry of Labour.

**L****[LAB]**

**Rules of Management.** The Minister of Labour may make general regulations for the management of Employment Exchanges. These regulations will include the establishment of exchanges, the assistance of those already established, and the lending of money to workpeople to enable them to travel to places where employment has been found for them through an Employment Exchange. The Act is purely permissive, and a person using an Employment Exchange is not to suffer by reason of refusal to accept employment found for him through an Employment Exchange where the ground for his refusal is either that a trade dispute affecting his trade exists or that the wages offered are lower than those regularly paid in the district where the employment is found.

The Minister of Labour has full power to administer the Labour Exchanges Act as he may see fit, and he may establish Advisory Committees, who may advise and assist in connection with the management of any exchange. The cost of providing Exchanges comes out of the national exchequer, and the Treasury will sanction the appointment of such officers and servants as may be required, the payment of their salaries, the incurrence of expenses for travelling, and other allowance to members of Advisory Committees.

**Local Employment Committees.** The work of organisation of labour during the recent war was a task of great difficulty, and the work of Employment Exchanges in relation to this matter has never been sufficiently recognised. Their early connection with Distress Committees stamped them with some of the characteristics of charitable institutions, and it was difficult for employers as well as employees to be brought to use these national institutions to their fullest extent. Necessary, however, cured many of these apparent evils. The Employment Exchanges were used for recruiting all kinds of labour, and also for the recruiting for the Women's Service Corps. This brought them in close contact with persons of higher education and the name, Employment Exchange, became necessary, as the scope of the institutions was thus enlarged.

In 1918, the Minister of Labour set up Local Advisory Committees to assist in the conduct of Labour Exchanges. The Local Advisory Committees, now known as Local Employment Committees (abbreviated L. E. C.), consist of representative employers, representatives of organised labour in equal numbers, certain independent members representing interests whose advice and assistance in matters of employment may be useful, *e.g.*, representatives of War Pensions Committees. These committees act under a chairman appointed by the Minister of Labour, usually an independent member, but not necessarily so. They meet periodically, and have wide powers under their terms of reference. Any matter touching Employment Exchanges can be dealt with by them, except interference with the personnel of the official staff of the Exchanges. Generally speaking, each Local Employment Committee has a women's sub-committee to deal with matters affecting the employment of women, whilst Juvenile Employment Committees work in close touch.

These committees were of great use during the period of early demobilization, during which time trade sub-committees to deal with pivotal men and contract men were set up. Divisional Councils having jurisdiction over divisional areas, were, for a short time, tried as advisors to divisional officers, the whole country being divided into divisions, each in charge of an officer responsible for the Exchanges in his area. These councils have been discontinued owing to expense, but the Local Employment Committee, bringing the Employment Exchanges into close touch with municipal life, have a splendid future before them if their terms of reference are liberally construed and faithfully observed.

**Unemployed Workmen.** The Unemployment Workmen Act of 1905 has some bearing on this article. Under this Act Distress Committees were set up in each of the metropolitan boroughs. These committees, under the control of the Local Government Board, consist partly of members of the borough council and partly of members of the Board of Guardians in the metropolitan poor law union.

A Central Committee, consisting of representatives of the metropolitan committees, members of the London County Council, co-opted members and nominees of the Local Government Board, was also set up to co-ordinate the work of the Local Distress Committees. Their duties were to make themselves acquainted with the conditions of labour in their area, to consider applications from unemployed, and to endeavour to find work for the applicant. These committees, for a time, did much good. The passing of the Labour Exchanges Act created a duplication of authority under two Government Departments. During the later stages of the great war, distress due to unemployment was almost unknown, and the work of the Distress Committees almost disappeared. Where distress arose, on the conclusion of hostilities, national relief fund committees were set up, and side by side with these committees a system of unemployment donation was created, making provision for unemployment pay to all members of His Majesty's Forces and to civilian workers thrown out of employment by reason of the demobilization. The result of this provision has been that the work of the Distress Committees has fallen into abeyance, and, for the most part, their functions have been undertaken by the Local Employment Committees.

**LABRADOR.**—(See NEWFOUNDLAND.)

**LABUAN (BRITISH).**—(See BORNEO.)

**LAC.**—A resin found on the trunks of certain Indian trees of the *ficus* family. The incrustation, known as stick-lac, is produced by the insect *Coccus lacca*, and has the appearance of a rough outer layer of bark. Seed lac is obtained by soaking and beating stick-lac. From melted seed lac, thin, brittle, red flakes are prepared which form the shellac of commerce. Lac is the basis of lacquer, and of many other varnishes and polishes. It is also used for making sealing-wax, and for stiffening the calico frames of silk hats. In the East it is employed to decorate the surface of trays, vases, etc., and as a coating for wooden toys. Lac dye is a red colouring matter used for silk and leather goods.

**LAC or LAKH.**—A Hindustani term used in the East Indies for the computation of money. It signifies 100,000. A lac of rupees is generally written Rs. 1,00,000. Similarly, twenty-five lacs are denoted thus: Rs 25,00,000. A hundred lacs

is known as a crore. (See FOREIGN MONIES—INDIA.)

**LAC-DYE.**—Lac is a resin which exudes from the branches of several tropical trees. From this resin the red colouring substance known as lac-dye is prepared, and the remainder, called seed-lac, is melted down into shellac. (See LAC.)

**LACE.**—The best lace is produced entirely by hand on a foundation of parchment bearing the design. *Needle point* or *point à l'aiguille* is, as its name implies, made with the aid of the needle alone. The best specimens of needle lace are the *point d'Alençon* and the *point de Bruxelles*, though the name, in the latter case, is sometimes applied to a pillow lace. *Duchesse* lace is another beautiful variety of Belgian pillow lace, which is made by fixing the parchment pattern to a cushion, and tracing the design by means of pins, round which the lace thread is worked from a number of bobbins. These two hand-made laces are usually named after the places, chiefly in France, Belgium, and Italy, where they are made. Thus we have varieties known as Alençon, Valenciennes, Languedoc, Cluny, Lille, Brussels, Mechlin or Malines, and Venice point. Linen is the foundation of most laces, the fine linen yarn for this purpose being made chiefly at Combrai and in Westphalia, but for some, e.g., Maltese and so-called Spanish lace (made now in Flanders), silk threads are used, while for special purposes metallic threads of gold, silver, etc., are employed. In England the best hand-made lace is produced at Honiton, in Devonshire. Torchon lace is a cheap variety made by peasants in Belgium and Switzerland, and *guipure* is a name applied to several kinds which produce a raised effect and have no net foundation. The famous Irish lace is a species of crochet-work.

Imitation lace is made by machine. Since machine-made net was produced towards the end of the eighteenth century, enormous progress has been made owing to the wonderful mechanism of the lace-making machines. Nottingham is the centre of the English trade, but its output is practically consumed by the home market.

**LACHES.**—A term used in English law to signify delay. It is mainly used in applying the rules of equity, which has for one of its maxims that "equity will only assist those who come for aid, provided they act with expedition." If, therefore, a person has a right to relief and does not trouble to assert it except after a long period, the court will render him no assistance unless he can explain his delay. This equitable doctrine is analogous to the Statute of Limitations (*qv*).

**LACQUER.**—The name given to a transparent varnish prepared by dissolving shellac in alcohol, the colour being obtained by an addition of dragon's blood, gamboge, sandarach, or other substance. It is used to coat brass and other metal articles in order to heighten the colour, improve the surface, and prevent tarnishing. The process resembles that adopted in japanning (*qv*). The durable lacquer of Japan is prepared from the sap of the *Rhus vernicifera*, the lacquer varnish tree. It is superior to every other variety, being practically imperishable, and lacquer goods from Japan have long been noted for their beauty and finish. They consist principally of wooden articles, such as trays, boxes, cabinets, etc.

**LADING, BILL OF.**—(See BILL OF LADING.)

**LADY DAY.**—The feast of the Annunciation—March 25th. This is one of the quarter days in England and Ireland. (See QUARTER DAYS.)

**LAEST.**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK.)

**LAGAN.**—These are goods of a weighty character thrown overboard to lighten the vessel, but kept from sinking by being buoyed, so that they may be subsequently recovered.

**LAISSER FAIRE.**—The economic doctrine which is conveniently summed up in the idea that things should be allowed to take their own course, and that no interference should be permitted on the part of the State in the shape of regulations or otherwise. The origin of the doctrine is attributed to Legendre, a Frenchman, in 1680. Though in full force during the greater part of the nineteenth century, *laissez faire* has lost much of its popularity. The principle of the doctrine was carried into practical politics by the members of the so-called Manchester School—the most eminent of the members of which were Cobden and Bright—but here also a change has taken place, Government control becoming more and more the rule instead of the exception.

**LAMB SKINS.**—These are imported from Hungary, Greece, and South Russia for use in the manufacture of so-called "kid" gloves. The Crimea and Astrakhan supply the black varieties.

**LAME DUCK.**—A defaulter on the Stock Exchange, who, being unable to meet the claims made upon him, is hammered (*q.v.*) and expelled from the House.

**LAMETTA.**—Thin plates of gold, silver, copper, etc. The word is Italian.

**LAMMAS DAY.**—August 1st, one of the Scottish quarter days. Old Lammas Day is August 12th. (See QUARTER DAYS)

**LAMPBLACK.**—The black substance consisting chiefly of carbon obtained from the combustion of camphor, resin, petroleum, tar, pinewood, etc. It is sometimes employed in currying leather, but its main use is as a pigment valuable in the preparation of printing ink, Indian ink, carbon paper, oil and water colours, etc.

**LANA.**—(See FOREIGN WEIGHTS AND MEASURES—RUSSIA.)

**LANCEWOOD.**—A tough, elastic wood obtained from the straight main trunk of two West Indian trees, the principal being the *Guatieria virgata* of Jamaica. It is used for billiard cues and archers' bows, but the properties enumerated above make it peculiarly suitable for shafts and carriage poles, for which it is in great demand, but the prices are high owing to its scarcity.

**LANDING ACCOUNTS.**—Documents compiled by dock companies and warehouse-keepers showing, with respect to the goods landed at their wharves—

(1) The ship from which the goods were landed

(2) The marks, numbers, and weights of the packages.

(3) The date from which the rent payable for wharfage commences.

**LANDING BOOK.**—The Book from which the landing accounts (*q.v.*) are made up

**LANDING ORDER.**—When a ship arrives in port, it is searched to see what dutiable goods are on board, and after the search is completed and the duties, if any, are paid by the importer, an Order is delivered to the chief officer of the ship, permitting him to land the goods.

**LANDING WEIGHT.**—This is the actual weight of the cargo of a vessel as it is taken out. A shipowner not infrequently reserves to himself the right, in cases of a contract of affreightment, to charge the freight upon the weight of the cargo

either at the time of shipment or at the time of landing. The choice will depend almost entirely upon the character of the cargo—some goods increasing in weight, whilst others decrease during the period of transit.

**LANDLORD AND TENANT.**—The relationship of landlord and tenant arises wherever a person who has a legal estate (*q.v.*) in houses or lands grants to another person a smaller legal estate in the same in consideration of a payment called rent. Speaking generally, it is immaterial what is the exact nature of the property let—it may be a piece of land, a house, a shop, or even a portion of either of these two latter. The same principles are applicable to each. There are exceptions, mainly in the case of agricultural holdings; but these are sufficiently noticed in the article under the heading AGRICULTURAL HOLDINGS ACTS.

Unless there is an actual letting, the relationship of landlord and tenant cannot arise. Mere possession of a house or land signifies nothing of itself. The holder may be a mere trespasser, and though circumstances may alter the position subsequently, there can be no claim for rent made by an owner under an original wrongful entry. He may take proceedings to eject the trespasser, and may claim damages; but this procedure has nothing to do with the present article.

Before letting, a landlord will generally make inquiries as to the financial standing of the proposed tenant. If he takes a reference, it must be in writing, otherwise he cannot succeed in an action for deceit (*q.v.*). What caution the landlord will show will depend upon his individuality. Similarly, a prospective tenant should be careful in ascertaining the condition of the property he is desirous of taking, in stipulating as to the condition of the drains and the carrying out of repairs. It is unwise to trust to verbal arrangements. It cannot be too carefully remembered that in the absence of any undertaking a landlord is practically bound to do nothing, except in so far as he has been bound by recent Acts relating to sanitation, etc. The tenant must take the house as he finds it, and there is no implied condition that the place is even fit for habitation, unless the house is let furnished, or is let unfurnished to a person of the working classes for human habitation. In these two cases, there is an implied condition that the house, or the part of a house, if only a part is let, is fit for human habitation at the commencement of the tenancy. This only applies to houses of a certain rateable value, viz., not exceeding £40 in London, £26 in areas with a population of 50,000 or upwards, and £16 elsewhere; and the expression *working class* includes "mechanics, artisans, labourers, and others working for wages, hawkers, costermongers, persons not working for wages but at some trade or handicraft, without employing others except members of their own family, and persons other than domestic servants, whose income in any case does not exceed an average of 30s a week, and the families of any such persons who may be residing with them."

When the landlord is the owner of considerable property, he not infrequently leaves the matter of letting in the hands of a house agent. As these agents are invariably paid by commission, great care is required in dealing with them. The prospective tenant must not take everything on trust, unless he knows that he is dealing with a person of good reputation and standing, or he may find himself seriously involved. The landlord also must be

(FACSIMILE OF LEASE OF HOUSE)

THIS INDENTURE made the fifteenth day of June One thousand nine hundred and      BETWEEN James Jones of Harling Hall Halton in the county of Sussex Esquire of the one part and Thomas Smith of 795 Fleet Street in the County of London merchant of the other part

WITNESSETH that in consideration of the rent hereinafter reserved and of the Lessee's covenants hereinafter contained the said James Jones (hereinafter called "the Lessor" which expression shall include his heirs and assigns where the context so admits) hereby demises unto the said Thomas Smith (hereinafter called "the Lessee" which expression shall include his executors administrators and assigns where the context so admits) ALL THAT messuage or dwelling house situate and being number 349 Gloucester Square in the Borough of St. Luke's in the County of London aforesaid TO HOLD the same unto the Lessee for the term of TWENTY-ONE years from the twenty-fourth day of June One thousand nine hundred and twelve YIELDING AND PAYING during the said term the yearly rent of ONE HUNDRED AND FIFTY POUNDS by four equal quarterly payments of Thirty-seven pounds ten shillings on the twenty-fifth day of March the twenty-fourth day of June the twenty-ninth day of September and the twenty-fifth day of December in each year the first of such quarterly payments to be made on the twenty-ninth day of September next and the last quarterly payment to be made in advance on the twenty-fifth day of March immediately preceding the expiration of the said term together with the quarterly payment falling due on that day

AND the Lessee hereby covenants with the Lessor in manner following that is to say--

1. THE Lessee will during the said term pay the rent hereby reserved at the time and in the manner aforesaid and will also pay all rates taxes and assessments whatsoever which now are or during the said term shall be imposed or assessed upon the said premises on the Landlord or Tenant in respect thereof by Act of Parliament County or Urban Council Sanitary Authority or otherwise except the Land Tax and the Landlord's Property Tax

2. AND will at all times during the said term keep the said premises in good and substantial repair internally and externally and deliver up the same in good and substantial repair to the Lessor at the expiration or sooner determination of the said term

3. AND in particular will paint with two coats at least of good oil colour in a proper and workmanlike manner the outside wood and ironwork of the said premises once in every five years of the said term and such parts of the inside of the said premises as have been usually painted once in every seven years of the said term the last painting both outside and inside to be in the year immediately preceding the determination of this Lease whether by effluxion of time or notice

4. AND will at the same time with every outside painting restore and make good the outside wood and ironwork wherever necessary and at the same time with every inside painting whitewash and colour such parts of the inside of the said premises as are usually whitewashed and coloured

5. AND will permit the Lessor or his Agent with or without workmen and others once or oftener in every year during the said term at all reasonable times to enter into and upon the said demised premises and view and examine the state of repair and condition thereof and of all such defects and wants of reparation as shall then and there be found to give to the Lessee or leave on the said premises notice in writing to repair and amend the same within the period of three calendar months then next following within which time the Lessee will repair and amend the same accordingly

6. AND will forthwith insure and keep insured the said demised premises against loss or damage by fire in the joint names of the Lessor and the Lessee in the Union Insurance Fire Office or in some other well-established office to be prescribed by the Lessor in the sum of Four thousand pounds at the least and will pay all premiums and sums of money necessary for that purpose and will whenever required produce to the Lessor the Policy of such Insurance and the receipt of every such payment and will cause all moneys received by virtue of any such Insurance to be laid out forthwith in rebuilding repairing or otherwise reinstating the said premises and if the moneys so received shall be insufficient for the purpose will make good the deficiency out of his own moneys

7. AND will not at any time during the said term carry on or permit to be carried on any trade manufacture or business upon the said premises or permit the same to be occupied or used in any way or manner whatever other than as a private dwelling house

8. AND will not except by Will assign transfer or underlet the said demised premises or any part thereof without the consent in writing of the Lessor first had and obtained such consent not to be unreasonably withheld in the case of a responsible and respectable assignee or tenant

PROVIDED ALWAYS that if the said yearly rent of One hundred and fifty pounds or any part thereof shall be in arrear for the space of twenty-one days next after any of the days whereon the same ought to be paid as aforesaid whether the same shall or shall not have been legally demanded OR if there shall be any breach or non-performance of any of the Lessee's covenants hereinbefore contained THEN and in any of the said cases it shall be lawful for the Lessor at any time thereafter to re-enter into and upon the said demised premises or any part thereof in the name of the whole and to have again repossess and enjoy the same as in his former estate

PROVIDED ALWAYS and it is hereby declared that if the

Lessee shall be desirous of determining this lease at the end of the first seven or fourteen years of the said term and shall give notice in writing of such desire to the Lessor or his Agent or leave such notice at the usual or the last known place of abode in England or Wales of the Lessor or his Agent six calendar months before the end of the first seven or fourteen years then and in such case at the end of such seven or fourteen years as the case may be the term hereby granted shall cease but subject to the rights and remedies of the Lessor for or in respect of any rent in arrear or any breach of any of the Lessee's covenants

AND the Lessor hereby covenants with the Lessee that the Lessee paying the rent hereby reserved and observing and performing the covenants and conditions herein contained and on his part to be observed and performed shall and may peaceably and quietly possess and enjoy the said premises hereby demised during the said term without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him

IN WITNESS whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed Sealed and  
Delivered by the said  
James Jones in the  
presence of  
MARY THOMPSON,  
874 LONG STREET,  
BRIGHTON.  
MARRIED WOMAN.)

JAMES JONES

(L.S.)

Signed Sealed and  
Delivered by the said  
Thomas Smith in the  
presence of  
JOSEPH RICHARDS,  
797 FLEET STREET,  
LONDON, E.C.  
SOLICITOR'S CLERK.)

THOMAS SMITH

(L.S.)



careful if in the letting of his property he employs more than one agent. The question of the person who is entitled to commission then frequently arises. As a rule, however, it is the one who carries the negotiations for a tenancy to a successful issue who is alone entitled to reward.

The first kind of tenancy to be noticed is that created by lease. Without referring to any historical developments, it may be stated that since 1845 the law has been fixed that all leases for a period exceeding three years must be by deed. If a person goes into possession of land under a mere verbal agreement, the period agreed upon being more than three years, the landlord can treat him as a tenant at will, *i.e.*, the landlord may terminate the letting without notice. There is, however, this exception. If the tenant has paid to the landlord any rent agreed upon, the tenancy is converted from one at will to a yearly tenancy, and then all the incidents of a yearly tenancy apply. If instead of entering under a verbal agreement, there has been a formal agreement made in writing, and this agreement has been stamped as a lease, and the tenant has actually gone into possession, then although there is no deed (as there should be), supposing, of course, that the term agreed upon is for a period exceeding three years, the agreement, since the Judicature Acts, is just as effective as a deed. It was said in the case of *Walsh v. Lonsdale* 1882, 21 Ch. D. 9, : "A tenant holding under an agreement for a lease, of which specific performance would be decreed, stands in the same position as to liability as if the lease had been executed. He is not, since the Judicature Act, a tenant from year to year, he holds under the agreement, and every branch of the court must now give him the same rights. There is an agreement for a lease under which possession has been given. Now, since the Judicature Act, the possession is held under the agreement. There are not two estates as there were formerly, one estate at common law by reason of the payment of the rent from year to year, and an estate in equity under the agreement. There is only one court, and the equity rules prevail in it. The tenant holds under an agreement for a lease. He holds, therefore, under the same terms in equity as if a lease had been granted, it being a case in which both parties admit that relief is capable of being given by specific performance."

If there is no deed, no agreement in writing, and no entry into possession, no action can be taken at all.

The preparation of a lease is a matter requiring great care, especially if the term is to be a lengthy one. The landlord is putting with the control of his property, except in so far as there are stipulations to the contrary, and he wishes to be secured at the termination of the tenancy. No precedent or series of precedents can apply to every conceivable case, but the form of lease given as an inset contains the principal terms which are to be found in the majority of leases.

The first covenant refers to the rent payable, and the dates upon which it is to be paid. Unless it is agreed that there is to be no rent paid, in the absence of any stipulated sums, the rent must be the reasonable value of the premises. No abatement is legally claimable by the tenant if the premises are destroyed by fire or other inevitable accident during the currency of the lease. Nor can the tenant compel the landlord to rebuild. Hence the necessity for insurance, as noticed later, for if the premises are insured, the tenant can request the

insurance company to expend the insurance money in reinstating him. Of course, the burden on the tenant may be very heavy where the term is of long duration. If the tenancy is *sicort*—for the position is the same whether the term is long or short—the tenant, if he cannot be reinstated at once should give notice to quit at the earliest opportunity. In the case of a lease or an agreement, he cannot quit until his term has expired, but the length of notice in other cases is dependent upon the nature of the tenancy (*infra*). The rent is due on the dates named in the lease. In other cases it is generally made payable on the usual quarter-days, though the parties are at liberty to arrange any different modes of payment they choose. But although the rent is due at sunrise upon the day on which it is payable, it is not in arrear until midnight of that day, and, therefore, a landlord cannot take any proceedings to recover the same, by distress or otherwise, until the following day. The tenant is not entitled to make any deduction from his rent unless he has been compelled to make payments on behalf of his landlord for which the latter alone is liable, and the non-payment of which might have resulted in a disturbance of his enjoyment of the premises. Rent is sometimes made payable in advance. This is done so as to give the landlord the right to distrain, if necessary, before the termination of the lease, for it will be noticed (see *DISTRESS*) that, generally speaking, a distress must be levied on the demised premises. There is a risk attached to this payment in advance if the premises are mortgaged, and a tenant should not allow this covenant to be inserted in the lease unless the term is to be a short one. The payment of rent must be in legal tender (*qv*), and the proper place of payment is the demised premises, unless there is an agreement to the contrary, or the tenant has expressly bound himself to pay the rent, when he must seek out the landlord. Rent can be recovered either by distress (*qv*) or by action at law.

The second covenant refers to the payment of rates, taxes, etc. The landlord and the tenant are equally anxious to throw the burden of this covenant upon the other. Of course, there are certain taxes which each is legally compellable to pay, unless otherwise provided for by the parties. Thus, the landlord has to pay property tax, the rent charge, and extraordinary title rent charge, whilst the tenant is primarily responsible for poor rates, general district rates, assessed taxes, water rates, and gas rates. In practice, however, it is the general rule for the tenant to pay the property tax and to deduct the amount from the next payment of rent to the landlord. As to all other rates and taxes, the covenant cannot be too explicit, owing to the curious and conflicting decisions given by the courts in the construction of the commonly used clause: "Charges, duties, impositions, and outgoings."

The third covenant deals with repairs. It has been already stated that the tenant takes the premises as they are, and the landlord cannot be held liable for anything that happens in the absence of a special agreement to repair. The tenant has to pay his rent in spite of everything. On the other hand, if the tenant covenants to repair in a general sense, he may find himself saddled with enormous liabilities. Thus, if the covenant is to repair and to keep in repair, and there is no exception made, the tenant would be liable to rebuild the premises in case they were destroyed by fire or other accident. To prevent this, it is generally covenanted that the



premises shall be kept in good tenable repair, reasonable wear and tear excepted, and damage by fire or other accident being expressly excluded. A learned writer on "Landlord and Tenant" has said: "Probably the commonest form of the undertaking on the part of the tenant is to lease the premises in 'tenantable' repair. This means—and 'good' repair is much the same thing—such repair as having regard to the age, character, and locality of the premises would make them reasonably fit for the occupation of a reasonably-minded tenant of the class who would be likely to take them. Under such a covenant the tenant at the end of his term is not liable for repairs of a decorative kind (e.g., painting, papering, whitewashing, etc.), unless they are necessary to prevent the fabric of the premises from going into decay, or unless they are otherwise necessary to make the premises reasonably fit for the reception of a new tenant of the kind described, nor is he, so long as he fulfils the condition, bound in making such repairs to employ materials of the same kind or value as were used when the tenancy began." These remarks are founded in the main upon the leading cases of *Proudfoot and Hart*, 1890, 25 Q.B.D. 42, which is always referred to when this question of repairs arises. On the other hand, the case of *Lurcott v. Wakeley and Wheeler*, 1911, 1 K.B. 905, is worthy of notice, as showing what a differently worded covenant may lead to. The head note in that case is as follows: "A lease of a house in London contained a covenant by the lessee to substantially repair and keep in thorough repair and good condition the demised premises, and at the end or sooner determination of the term to deliver up the same to the lessors so repaired and kept. . . . Shortly before the expiration of the term the London County Council served a notice on the owner and occupiers requiring them to take down the front external wall of the house to the level of the ground floor as being a dangerous structure; and the plaintiff called upon the defendants to comply with the notice, which they failed to do. After the expiration of the term, the plaintiff, in compliance with a demolition order of a police magistrate, took down the wall to the level of the ground floor, and then, in compliance with a further notice of the London County Council, took down the remainder of the wall and rebuilt it in accordance with modern requirements. The house was very old, and the condition of the wall was caused by old age, and the wall could not have been repaired without rebuilding it. Held, that the defendants were liable under the covenant to recoup the plaintiff the cost of taking down and rebuilding the wall."

It is thus seen how serious the position of a lessee may turn out to be owing to the particular wording of the repairing covenant. If the property demised is of considerable value and if the term is of considerable length, it is the height of folly for a tenancy agreement or a lease to be entered into without proper legal advice being taken.

In the case of tenancies of short duration, i.e., for less than a period of years, the only obligation on the tenant is to use them in a proper and tenant-like manner, to keep them wind and water-tight, e.g., to repair broken windows.

It has already been noticed that when a house is let furnished, or when the house is one let under the Housing of the Working Classes Act, 1890, there is an implied covenant of fitness for occupation at the commencement of the tenancy. By an

amending Act of 1903 it is provided that no contract may be entered into excluding the landlord from liability if there is a breach of this covenant. In other tenancies, therefore, it will be seen that the tenant may be in an uncomfortable position if the drainage is defective, and the landlord is under no obligation to repair it. Unless the tenant has so covenanted as to exclude his right, he has in his possession one power by which he can make the landlord do the repairs. He may apply to the local sanitary authority, and thus throw the burden of improving the drainage upon the landlord if it turns out that there is any imperfection in it. In connection with repairs, also, it may be useful to add one remark—a tenant may not alter the premises demised, unless he has previously obtained the permission of his landlord to do so. The alteration of premises, even though of such a character as to improve them, might be a great disadvantage to a landlord, who would not always be able to re-let them at the termination of the existing lease.

No prudent landlord will fail to preserve to himself the right to visit the demised premises on certain specified occasions, if he wishes to exercise such right. Having parted with the premises for the time fixed, the tenant is in unfettered possession, and the landlord is a trespasser if he attempts to re-enter in any way, unless he has covenanted for this right. Naturally, in the case of long leases, he will be most anxious to see that the covenants are being strictly observed.

The covenant not to assign without permission in writing is extremely common, as is also that which precludes a tenant from sub-letting. The landlord knows his original tenant, he has no desire to have an assignee or sub-lessee thrust upon him of whom he knows nothing. In the absence of such a covenant the lessee can either assign or sub-let, and a covenant against assigning does not prevent a sub-letting. Both should be inserted for the landlord's protection. It is, however, the general practice to comply with the covenant against assigning or under-letting another condition that the consent of the landlord shall not be arbitrarily or unreasonably withheld. If, then, he wishes to assign or to under-let, the tenant applies to the landlord, and probably has to pay a fee for the favour to be granted. No particular words are required for giving the consent. When it has been agreed that the consent shall not be arbitrarily or unreasonably withheld, and the landlord refuses to give his permission, provided the proposed assignee or under-lessee is really a responsible person, the assignment or the under-letting is good without such consent. The mere fact of letting lodgings or apartments is not a breach of a covenant against assignment or under-letting. The licence to assign or under-let, if it is stipulated for, should always be in writing. A lessee can in no case assign or under-let for a period longer than his own lease or tenancy. But if, at any time after letting in an under-lessee, the lessee surrenders his lease before the expiration of his own term, and before the term created for the sub-lessee comes to an end, the latter is in no way affected by the surrender, i.e., he remains on in spite of the cessation of the relationship of landlord and tenant between the lessor and the lessee. On the other hand, if the term of the lessee becomes forfeited by reason of some breach of covenant, the sub-lessee loses his term and can only look for a remedy in damages against the lessee. Sometimes,

MEMORANDUM OF AGREEMENT

made and entered into this twenty-fourth day of June One thousand nine hundred and      BETWEEN Arthur Brown of 4 White Street in the City of Sheffield Tailor on the one part and Charles Dawson of 5 Black Street in the same City Grocer of the other part

THE said Arthur Brown hereby agrees to let and the said Charles Dawson hereby agrees to take ALL that messuage and dwelling house situate and being No. 495 Burngreave Road in the City of Sheffield for the term of Three Years from the date hereof at and under the yearly rent of FORTY POUNDS payable without deduction except on account of the Landlord's property and income-tax in equal quarterly payments of Ten pounds on the usual quarter days the first quarterly payment to be made on the twenty-ninth day of September One thousand nine hundred and twelve

AND the said Charles Dawson doth hereby agree with the said Arthur Brown that he the said Charles Dawson his executors or administrators shall and will from time to time during the period that he or they shall continue to occupy the said premises under this Agreement keep repaired at his or their own expense all the windows doors locks bells and all other fixtures in and belonging to the said premises and all the internal parts thereof and so leave the same at the end of the said term (reasonable wear and tear and accidents by fire flood and tempest only excepted)

AND ALSO that he will not assign or underlet the said premises without the consent in writing of the said Arthur Brown (such consent not to be unreasonably withheld in the case of a respectable and responsible person) nor use the same other than and except as a private dwelling house

AND the said Arthur Brown agrees to keep all the external parts of the said premises in good repair

PROVIDED ALWAYS that the said term hereby agreed to be granted shall cease and determine and the said Arthur Brown his executors administrators or assigns shall have an immediate right of re-entry in case the rent hereby reserved shall (whether it has been demanded or not) be in arrear more than twenty-one days next after any of the said quarter days on which the said

rent is payable or in case the said Charles Dawson his executors or administrators shall after notice refuse to observe and perform the agreements and conditions hereinbefore mentioned or shall assign or underlet the said premises without such licence in writing as aforesaid or in case the said Charles Dawson shall become bankrupt or shall permit any writ of execution to be levied upon his goods

IN WITNESS whereof the said parties to this agreement hereinbefore mentioned have hereunto set their hands the day and the year above mentioned

(Signed)

ARTHUR BROWN

CHARLES DAWSON

WITNESSES--

JOSEPH DAVIES,

75 CHRIST CHURCH ROAD,

FITSFORD,

SHEFFIELD.

ROSE.

and under special circumstances, a sub-lessee may obtain relief and be allowed to remain on in possession of the premises.

Another general covenant refers to the manner in which the premises shall be used. The parties to the lease may desire to exclude the carrying on of certain trades, etc. This covenant depends entirely upon the character of the locality in which the premises are situated. The terms should be set out with the utmost care. Any infringement may give rise to a forfeiture, or the lessee may be restrained by injunction.

The covenant to insure requires very short notice after what has been said as to the obligation of the tenant in case of fire. It is immaterial that the landlord is himself insured. If this is the case, the landlord gets the benefit of his own foresight. Also the landlord is not compelled, in the absence of any agreement to that effect, to expend the insurance money in reinstating the premises. The tenant, however, may apply to the insurance company, as already stated, to expend the same in rebuilding the premises, and they are empowered by statute to do so.

Without any express covenant to this effect, there is always an implied covenant on the part of the landlord for quiet enjoyment, *i.e.*, an undertaking on his part that there shall be nothing done to interfere with the peaceful possession on the part of the tenant during the currency of the lease, so far as the landlord himself is concerned, or any person who claims through him, or through whom he claims. This is not a guarantee that there shall never be any interference at all. A person who has a title superior to that of the landlord may always evict a tenant of the landlord, seeing that he is in no better position than that of a trespasser. This covenant will also prevent a landlord from committing any physical disturbance of the tenant's quiet enjoyment, as, for example, by erecting any buildings so close at hand as to cause the tenant's chimneys to smoke. Again, if the lease is of a certain portion of premises, the landlord cannot let another part to another tenant for such purposes as would interfere with the peaceful enjoyment of his original tenant, as, for example, by allowing the other part to be used for dancing or for entertainments. But the breach of this covenant, if there is, in fact, any interference, must be on the part of the landlord or some person who claims through him. Any interruption of quiet enjoyment on the part of a third person only gives the tenant a right of action against such third person. The landlord cannot be held responsible. If the landlord assigns his interest, *e.g.*, by selling his estate, the tenant, *i.e.*, the lessee, is not at all affected. His tenancy still exists to the end of the term—he has simply got a new landlord, and all the covenants of the lease are operative.

Coupled with the grant of a lease or any tenancy, there is always an implied grant of a right of way by the landlord, so that the tenant may reach the premises.

Unless there arises a cause of action giving a right of forfeiture for breach of any of the covenants—and relief is generally obtainable upon terms, unless the breach is of a serious nature, such as where the tenant is bankrupt, or has broken the covenant not to assign or to underlet—the lease terminates by mere effluxion of time. It has been made for a certain fixed period, and at the end of it the tenant must go out. No notice is

required. If he refuses to do so, he can be proceeded against by an action for ejectment—in the High Court if the rent is above £100 a year, in the county court if it is between £20 and £100 a year, in a police court if the rent does not exceed £20 a year. As to the liability of a tenant for "holding over," this will be noticed later. If the landlord and the tenant mutually agree to bring the lease to an end before the stipulated time, they can accomplish their purpose by entering into a fresh deed. It is a maxim of law that a deed must be annulled by another deed.

Where the tenancy is intended to be for a period not exceeding three years, it is not the practice to require, nor is it legally necessary, that there should be any deed. An agreement may be quite as elaborate as a lease, and the conditions contained in it are just as binding upon the parties. Therefore, what has been already said as to a lease by deed applies equally to a tenancy under an agreement. But the agreement is generally a document of a short character, and it is quite enough if it contains the names of the parties, the description of the property demised, the nature of the tenancy, the date of the commencement of the same, and the rent reserved. The following will serve as a model of such an agreement—

*An agreement made this 3rd day of June, 19... between A B of, etc., hereinafter called the landlord of the first part, and C D of, etc., hereinafter called the tenant of the other part. The landlord agrees to let, and the tenant agrees to take, the house situate and being 111 East Road, Blamtown, in the county of W. heshire, for the term of one year from the 24th day of June, 19... and so on from year to year, at the yearly rent of £50, payable quarterly on the usual quarter-days, either party to be at liberty to terminate the tenancy on giving three calendar months' notice to quit, expiring on any of the said quarter-days, the landlord to pay all landlord's rates and taxes and the tenant to pay all tenant's rates and taxes.*

*In witness whereof the parties above-named have hereunto set their hands*

A B  
C D

Such a form would only be used if the landlord was well satisfied as to his prospective tenant. The absence of any condition of re-entry might be very detrimental in the case of a refractory tenant. A form of agreement of a more elaborate character is given as an inset.

In the absence of special conditions, as above, there are always four that are implied: (1) The tenant to pay the rent agreed upon, (2) the tenant to pay the rates and taxes, except the landlord's property tax and the rent charge, (3) the tenant to allow the landlord to view the premises, (4) the tenant to keep the premises in fair and proper condition, and so to deliver them up at the end of the tenancy, fair wear and tear excepted. The landlord also tacitly agrees that the tenant shall have quiet enjoyment during the currency of the agreement, as far as he himself is concerned, or any person who claims through him, or through whom he claims. The landlord is not bound to repair, nor is the tenant excused from payment of rent if the premises are destroyed by fire or otherwise. There is no implied condition of fitness, except the house is let furnished or unless the premises come within the purview of the Housing of the Working Classes

Acts, 1890 and 1903. To there reference has already been made.

A word may usefully be inserted here as to the advisability of some agreement in writing. In the first place it avoids many disputes, the position being clearly set forth; secondly, without some agreement in writing the tenant cannot legally claim to be put in possession of the premises if the tenancy is to begin after the date of the agreement. By the Statute of Frauds (*qv*) any agreement as to land must be in writing. A tenancy is clearly such an interest. Unless, therefore, the tenant goes into possession at once, a landlord might legally refuse to admit him if there was no agreement in writing in existence undertaking to allow the tenancy to commence at a future date.

The vast majority of people, however, do not take houses or other premises under a lease or an agreement, but become tenants for varying periods, according to various circumstances. A yearly tenancy is one which the law particularly favours, and it exists where a tenant holds from year to year. A yearly tenant holds for one year at least, and unless he receives notice to quit, he goes on under the same conditions year after year. If a tenant enters into possession of premises under a verbal agreement for a period exceeding three years, as already stated, he is in under an agreement which is void; but as soon as he has once paid his rent he becomes a yearly tenant. Also, tenancies at will, *i.e.*, tenancies which arise out of a mere occupation and which can be terminated at any time, are tuned into yearly tenancies after a payment of rent. Even though rent is paid half-yearly or quarterly, the law presumes a yearly tenancy unless there are circumstances which point conclusively to some other kind of tenancy. But the presumption is likely to be the other way if rent is paid at intervals of less than a quarter. If, for instance, rent is paid monthly, the court will be inclined to hold that there is a monthly tenancy in existence, and if the rent is paid weekly it will be a weekly tenancy that is presumed.

It must be carefully recollected in connection with this subject of a yearly tenancy that if a tenancy is created for "one year certain and so on from year to year," the tenancy is one for two years at least, except it is expressly stipulated in the agreement that the tenancy may be determined at the end of the first year.

Where the tenancy is for a period less than a year, it is commonly either half-yearly, quarterly, monthly, or weekly. But there is nothing to prevent a tenancy for a day or an hour if the parties so agree. The only thing to be carefully guarded against when the tenancy is of very short duration is that there shall be no mistake as to the definite nature of the terms. It is only repetition to say once more that a careful landlord and a careful tenant will not allow the nature of their agreement to be left in doubt. There will be some written document setting out the conditions of the tenancy in full. When possession is taken between two quarter-days, it is a presumption that the tenancy began at the preceding quarter-day, provided that the rent is paid for a portion of the quarter. But if possession is taken between two quarter-days and the rent is only paid from the succeeding quarter-day, it is a presumption that the tenancy commenced at the date of entering into possession. All that has been said previously as to repairs applies to short tenancies as well as to longer ones.

The landlord is not liable, in the absence of any enforceable agreement, to do anything, and the tenant is only liable to keep the premises in tenantable condition, to maintain them wind and water tight, and he is in no way responsible for fair wear and tear. As to fitness for habitation, the landlord's liability only extends to those premises which come within the provisions of the Housing of the Working Classes Acts, already mentioned, and to furnished houses. Again, a change of landlord makes no legal difference to the tenant. He goes on just the same as if the same landlord had been the owner of the premises all the way through.

Provided the tenant pays his rent regularly, and the covenants of the lease or the conditions of the tenancy are duly observed, the end of the relationship of landlord and tenant comes about only by effluxion of time in the former case and by a notice on the part of the landlord or the tenant in the latter. The same applies if the tenant is in under an agreement for a period not exceeding three years. At the end of the term fixed by the lease or agreement, the tenant must go out, unless there is a fresh lease granted. In other cases, a notice, on one side or the other, must be given according to the rules which are here set out. In the case of a tenancy from year to year, *i.e.*, a yearly tenancy, this is determined by a half-year's notice given on either side, such notice expiring at the end of the current year of the tenancy. Thus, if premises are taken on the 25th March, notice must be given on the 29th September terminable on the succeeding Lady Day. And so with any other quarter-days. In agricultural lettings, however, a year's notice is required. A monthly tenancy requires a month's notice for its determination, and a weekly tenancy a week's notice. A tenancy at will is terminable at any time, but, as already stated, a tenancy of this kind is easily changed into a yearly tenancy. In the case of lodgings, to which most of the ordinary incidents of tenancies apply, a reasonable notice only is required, and what is a reasonable notice must depend upon the circumstances of each particular case. Any particular agreement as to notice will, of course, cause a variation in these periods. In the form of agreement given on page 937, a three months' notice is stipulated for. This agreement overrides any rule of law. And, again, if the notice is, under the terms of the agreement, capable of being given at any time, it is not necessary to wait for any particular quarter-day. There is no magic in the usual quarter-days. They only come in when no other arrangement as to notice has been made. It has been pointed out what is the presumption of law as to the date of the commencement of the tenancy when a tenant goes into possession between two quarter-days. This is an important matter for consideration when a notice to quit has to be given. First determine the nature of the tenancy, and then be quite certain as to the time from which it dates. On these two facts the validity or invalidity of a notice must mainly depend. Of course, it is quite possible for a letting to be made for, say, four days, and the parties to agree that it shall be terminated without any notice at all at the end of the four days.

It is unsafe to rely upon a verbal notice, though it is not imperative that a notice should be in writing. The existence of a written document will often save costly disputes. No special form of words is necessary. The object is to get clearness

and distinctness, so that there can be no mistake as to the object of the document. For instance, there should be no ambiguity. A notice in the alternative is bad. Suppose the landlord gives a notice to the tenant either to give up possession or to pay an increased rent. This is bad as a notice to quit. But if the wording is such that notice is first given, and then there is added a further statement to the effect that if the tenant does not quit the premises the landlord will demand double rent, the notice is good.

The following forms of notice will be useful as a guide.

#### Landlord to Tenant.

To Mr. A. B.

*I hereby give you notice to quit and deliver up on the 29th day of September, 19... all that messuage or dwelling-house, together with the appurtenances thereof, situate at..... in the county of..... which you now hold of me as tenant thereof.*

(Signature of landlord.)

Dated this 25th day of March, 19...

#### Tenant to Landlord.

To Mr. A. B.

*I hereby give you notice that it is my intention to quit the house situate at ..... in the county of..... on the 25th day of March, 19... at the expiration of the current year of my tenancy*

(Signature of tenant.)

Dated this 29th day of September, 19...

There is no need for the notice to be served personally either upon the tenant or upon the landlord. Thus, in the case of a tenant, it may be left with a servant at the house, and its purport explained. The great object is to take care that it gets into the hands of the party served, or that he is made acquainted with it. It has therefore, been held sufficient service to place the notice under the door, or to send it by post. But if the latter course is adopted, the letter should be registered, so that there may exist some proof of the despatch of the notice. If there has been an under-letting of the premises, the notice must be served upon the original tenant, and not upon the under-lessee.

When the day arrives for giving up possession of the premises, the tenant has the whole of the last day in which to remove his goods. The giving up of possession must be absolute. If there has been any sub-letting, the tenant must take care that the sub-lessee goes out. Various circumstances will be sufficient to evidence the giving up of possession, but the best proof of all is the handing over of the keys of the premises by the tenant and their acceptance by the landlord. On the termination of the tenancy the tenant is entitled, unless there is some agreement to the contrary, to remove the whole of his possessions, including his fixtures. (See **FIXTURES**.)

It should be noticed that emergency legislation in the form of Restriction of Rent Acts has been undertaken, but this is a temporary check on the freedom of contract. It may, however, last for some time, the restriction varying as necessity demands.

Tenancy at will has been referred to more than once. There is another kind of tenancy to which a few words must be devoted, viz., tenancy by sufferance. A tenancy by sufferance is one in

which the possession of premises is taken lawfully, but is afterwards continued without leave or objection on the part of the landlord. It arises most frequently when a tenancy has come to an end in the ordinary course—as, for instance, at the termination of a lease or an agreement for years—and the tenant continues to hold on. A tenant by sufferance cannot be ejected unless the landlord has made a previous demand for possession of the premises. From what has been already stated, it will be seen that this is really no tenancy at all—the so-called tenant has come to no agreement with the landlord, and there is no contract at all as to the payment of rent. If, however, rent is received by the landlord, the court will presume, as in the case of a tenancy at will where rent has been paid, that a yearly tenancy has been created.

For the recovery of the rent payable by a tenant, the landlord has the drastic remedy of distress (*q.v.*). If this remedy is not available, there is the right of action at law for the amount due. For the recovery of possession there is the right of ejectment. This has been already referred to, as well as the action for recovery of possession in the case of the breach of any covenant or any condition contained in the lease or the agreement. As the landlord has the right to re-enter upon his premises at the expiration of the lease or the tenancy, he may do so of his own accord, if he can effect the same peaceably; but he is never allowed to re-enter by force. As to the procedure to be adopted when the premises are deserted, see the article on **DESERTED PREMISES**.

Reference has been made more than once to assignment and under-letting, and it has been pointed out that in leases or agreements for a lengthy period it is the invariable practice of the landlord to exact a covenant from the tenant against assignment or under-letting without leave—such leave not to be arbitrarily or unreasonably withheld. But a tenant does not release himself in any case from liability by assignment or under-letting, although he retains no interest whatever in the premises. He is responsible to his landlord for all the covenants into which he has entered, and he must rely for any indemnity upon his assignee or under-tenant. This will be effected by means of a properly drawn lease or agreement, in which the relationship of landlord and tenant will be created between the lessee and the under-lessee. The under-tenant is not under any direct liability to a superior landlord; but he is liable to be ejected by the superior landlord if there is a forfeiture of the original lease by any breach of covenant contained in the superior lease, unless he is able to obtain relief from the court upon an application being made for ejectment.

In addition to his remedy by way of ejectment, a landlord has certain rights against a tenant who holds over after his tenancy has ceased, and the holding over is proved to be contumacious. If the landlord gives notice and the tenant refuses to quit, the tenant is liable in an action for double the value of the house so long as the tenant remains in. If, on the other hand, it was the tenant who gave notice, he is liable for double rent. The claim for double value applies to tenancies from year to year, and to holdings for a longer fixed period; it has no application to quarterly, monthly, or weekly tenancies. The claim for double rent applies to all tenancies which are not for a fixed period. The difference is worthy of particular notice. Also, a landlord cannot distrain for double value though

he is entitled to do so "for double rent." But the claim of the landlord in either case is limited to the time of actual occupation. The right to double value or double rent is waived if the landlord accepts rent on the following quarter-day without demur. A new tenancy has, in fact, been created between the parties. Thus, a lease is granted for a certain number of years. The tenant does not go out at its expiration. He is liable for double the value of the premises so long as he remains in possession. But if the landlord accepts the customary rent on the ensuing quarter-day, a yearly tenancy is created, and the lessee cannot be evicted except by a proper six months' notice terminable at the end of the current year.

The stamp duties payable are given in the article **STAMP DUTIES**.

It is well known that special legislation has been necessary in order to prevent hardships caused by tenants being called upon to vacate possession of the houses occupied by them when at the time there was difficulty experienced in new dwelling places being found. The legislation only affected houses of a certain specified rental, and shortly stated a tenant was allowed to remain in possession so long as he paid his rent and observed the covenants of the tenancy, and the lessor did not require the house for his own habitation or for one of his servants or employees. Legislation of this kind is not likely to be permanent, and it has been considered unnecessary to deal with it in greater detail.

**LAND MARKS.**—Conspicuous objects which are used for marking out boundaries, or which serve as guides to travellers.

**LAND CLAUSES ACTS.**—(See **INCORPORATED COMPANIES**.)

**LAND SETTLEMENT.**—Before the war matters in reference to the land of the United Kingdom were left pretty much to chance. A definite policy of rural development has now been adopted, first, to secure the largest possible production of home-grown food compatible with the prosperity of the whole community, second, to attract to the land as many people as possible and to maintain them there in favourable conditions. This development will include, as a corollary and essential accompaniment of the encouragement of agriculture, the ensuring of markets, the facilitating of transport, and the fostering of rural industries. The British Dominions beyond the Seas need men and have plentiful land to offer, the Mother Country should, however, be able to afford a prospect as attractive as the one overseas. It is felt that the land hunger of British people should and can be satisfied without recourse to emigration.

The war taught us by rough experience that it was desirable and possible to grow more of our staple foods. The position in 1914 was, briefly, this: The British farmer had applied himself in an ever-increasing measure to the production of commodities that, owing to their perishable nature, were least exposed to foreign competition. We imported four-fifths of our bread stuffs, well able to bear transport, our home supplies gave practically all our milk, most of our vegetables, poultry, and eggs, and half of our meat. Land under the plough was being laid down to pasture, and the number of land workers was rapidly decreasing, for not only does ploughed land produce four times the food value of pasture but it employs ten times the labour (see Sir Daniel Hall's book, *Agriculture after the War*). In 1914 the ploughed land of the

kingdom was 19½ million acres, out of a total of 76 million acres. The urban and industrial area, together with mountain and heath, occupied about 29 million acres, so that 27½ million acres were under permanent grass. But only a third of the ploughed land (including market gardens) produced food for man, wheat, barley, small fruits, potatoes and vegetables, the rest was under rotation grasses or grew oats and root crops for animals. The soil of the United Kingdom was, that is, used mainly to produce food for horses, cattle, sheep and pigs; it was neither carrying an agricultural population nor yielding food anything like equal to its capacity. Under the impetus of war conditions the area under corn and potatoes was increased by three million acres, and further increase is sought.

The policy relied upon to effect this comprises many welcome features. (1) A minimum agricultural wage has already been established, and in addition the Government is putting into operation a large scheme for the provision of rural cottages with small areas (half-an-acre) and upwards attached. These will pave the way for the taking of a small holding (from 20 to 50 acres), the County Councils are helped to furnish land, and credit facilities are offered. Such small holdings have been most successful where (a) they have been of 30 acres and upwards applied to mixed farming, and consisting of ploughed land for wheat and other crops, and carrying some livestock; (b) they have been devoted to dairy farming, (c) they have been small fruit farms or market gardens of three acres and over on specially good soil. Holdings entirely given to poultry farming and rabbit production have rarely been successful. (2) The new Ministry of Ways and Communications intends to make great use of cheap narrow gauge light railways, laid along the sides of the roads with sidings to large farms. These agricultural railways, or "agrails," are most successful in France, and a sensible system of road motor-traffic, in connection with the agrails, will not only cheapen the carriage of farm produce but greatly lessen one handicap of the villages as compared with the towns. An efficient telephone system is also in prospect. (3) Agricultural wages have been low in the past and agriculture has suffered from its seasonal nature, vagaries of weather prevent continuous occupation. The life of a small cultivator dependent upon the produce of his holding is often a hard one. Subsidiary occupations are therefore necessary, and there is a multiplicity of such, using some local product not needing to be treated in bulk by a large number of workers. There the Government and a number of co-operating societies—the English Forestry Association, the Arts and Crafts Society, the Peasant Arts Guild, and others—are fostering. Wooden basket making is a factory industry at Swanwick in Hampshire, and a home industry in the Cheddar and Tamar Valleys, the Rural League has promoted village industries, the making of fancy leather goods, toys, gloves, lace, brushes, etc., in over thirty counties. The establishment of such an industry as the manufacture of beet sugar, providing profitable employment during the winter months, would give regularity of employment, would enable high wages to be paid, and cheap food to be produced. (4) But small holdings, co-operative farm colonies, allotments, cottage houses with large gardens, ready markets for produce, will not suffice. To keep people on the land, still more to attract

them from the towns, there must be far-reaching improvements in rural life, the villages must be enabled better to meet the social needs of intelligent beings. The glamour of the towns, with their varied and interesting life, their opportunities for social and political union, at present contrasts with the stagnation and monotony that has settled over a great part of the country-side. This is realised and, by such means as the provision of well-situated recreation grounds and of village halls under public control, well considered efforts are being made to enable both men and women to develop even under rural conditions their special aptitudes as individuals. The village of the future should offer chances for the creation of free and prosperous communities, nurseries of a vigorous peasant and yeoman stock. The Report of Lord Selborne's *Agricultural Policy Sub-Committee*, price 1s. 3d., should be consulted for further details regarding the Government's policy.

**LAND STEWARD.**—The person who manages a landed estate on behalf of its owner.

**LAND TAX.**—Land tax is charged under various Acts passed since 1698, and is payable on or before January 1st in each year. There is an amount charged against each parish which is called the "quota," and from this is deducted the portion which is redeemed. An equal rate is charged on all assessable properties, so as to produce a sum as little as possible in excess of the "unredeemed quota to be raised." Any surplus not applied in payment to the assessor is deemed to have redeemed so much of the unredeemed quota of the land tax as is equal to one-thirtieth part of such surplus.

The amount charged on each parish must not exceed the amount produced by a 1s. rate on the annual value (as determined for purposes of income tax under Schedule A) of all the land in the parish subject to land tax. Any excess is remitted for the year in question.

No assessment may be made at a rate less than 1d. in the £ on the land subject to land tax, unless a smaller rate would redeem all the unredeemed quota of the parish.

The owner of any land is allowed, under the Finance Act, 1898, to redeem it from land tax by payment of a capital sum equal to thirty times the sum assessed by the last assessment, either by a single payment or by annual instalments with interest. An owner redeeming land from land tax by payment of a capital sum may apply for a certificate charging the land with the amount of that sum and with interest equal to the amount of the land tax redeemed, to which charge he is then entitled as if it were a mortgage secured to him by a mortgage deed.

**LAND WAITER.**—An officer of the Customs. It is his duty to taste, weigh, measure, and examine goods liable to be taxed upon importation, and, in the case of exports, to watch over and certify that the goods are in accordance with the prescribed form. Another name for him is "searcher."

**LANOLINE.**—A fatty substance obtained by purifying the grease of sheep's wool. Owing to its antiseptic properties, it is much used in the preparation of ointments, soaps, etc. Lanoline is obtained from the wool-washing in this country and also from Australia.

**LAPIS LAZULI.**—The beautiful blue mineral from which the pigment ultramarine was originally obtained. It is generally found massive and associated with crystalline limestone. It consists of

silica and alumina, together with soda, lime, and sulphuric acid. Lapis lazuli is much valued for church ornamentation and mosaic work. The best specimens come from Bokhara.

**LARBOARD.**—The name given to the left-hand side of a ship, looking in the direction in which it is travelling. Instead of the word "larboard," the term "port" is now generally made use of.

**LARCENY.**—This is a name applied in law to the felony which is commonly denoted by the term *theft*. It consists in "stealing, taking, and carrying away" any article whatever in which property can exist out of the possession of another person—whether that person is the actual owner or not—with the intention of depriving him permanently of the property or possession in the same. It is not larceny to take property with the intention of using it for a temporary purpose, but the burden of proof (*q.v.*) would be upon the person who took to show that he had no felonious intent. There must be a carrying away, although a very slight removal will satisfy the definition. Whenever a person is charged with larceny, a count is added to the indictment that he received the goods taken "well knowing them to have been stolen."

There are many forms which larceny may take, but they are too intricate and lengthy to be considered, except in works devoted exclusively to the Criminal Law.

**LARCH.**—A hardy, coniferous tree, of which there are various species found in Europe, America, and Japan respectively. From the Siberian species a gum is obtained which is useful in the preparation of cement. Larch bark is employed in the tanning industry, and the hard, durable wood is used by cabinet-makers as well as by shipbuilders. Railway sleepers are also made of it.

**LARD.**—A white grease obtained from the fat of the pig, but often adulterated with beef or other fat. Among the products obtained from it are stearine and oleine. The latter, known also as lard oil, is a useful lubricant, and the former is used in candle-making, but lard is still chiefly used for culinary purposes and as a basis for ointments. Great Britain's supplies are sent from America in bladders, kegs, and barrels.

**LARGE SCALE PRODUCTION.**—Since the industrial revolution brought the factory system, with its machine power, its massing of workers, and its stated hours, to replace the old domestic system—under which production was carried on in the homes of the workers—the trend of events has been towards larger and ever larger units of production. The localisation of industry, the concentration that is within a small area of some special branch of manufacture, has made it possible for one small district to supply half the world with cotton cloth, another to make soap for the millions, a third to build ships for all nations. Ever industries which used to be considered as purely domestic—washing, dyeing, and brewing—are nowadays carried on in large establishments where the economies of large scale production may be obtained. The small producer, like the small trader, would seem in danger of extinction. The tendency towards the absorption of the smaller units into larger ones shows no sign of weakening, and we are, indeed, now faced by those huge accretions which we call trusts, mergers, combines, or cartels. (See the article on TRUSTS.) Nor is it in matters of industry alone that the large unit is ousting the small. We look at a "pedigree" of one of the large joint-stock banks—the London,



Joint City, and Midland, for instance. Nearly forty banks have been combined, amalgamated, taken over, or absorbed, to constitute the business of the existing institution. And in the transport industries, the postal and telephone systems, the scale is so great that such undertakings are virtually monopolies.

The evils incident to commercial combination, when the combination has stifled competition, are discussed under the head of TRUSTS: here we consider only the advantages of industrial combinations. In the first place, then, the larger the establishment, the further can the division of labour, with its attendant economies, be carried; to each worker can be assigned a special duty particularly suitable to him, in which he becomes highly efficient. The men with peculiar aptitude in controlling, in initiating, and in inspiring others with an enthusiasm for work are set to direct, those who can carry out directions with accuracy and dispatch are given tasks according to their capacity. The large establishment, moreover, can adequately recompense, and, therefore, can command the services of men of great acquirements and cultivated intelligence.

A second reason why the expenses of a business do not increase by any means proportionally to the quantity of business is analogous to the first. We may have a more effective use of machinery and other fixed capital. As specialised skill, so specialised machinery can be introduced, and each machine introduced can be constantly working at its particular task. The machines will deteriorate almost equally with a large as with a small output, so that with a large output each unit produced, each yard of cloth or ton of metal, means a less charge per unit on the fixed capital. Owing to the growing complexity and expensiveness of machinery, the small establishment cannot afford to introduce improved means of doing some very small thing. A better and easier method may be known and accessible to the small producer, but because his output is small he cannot increase his fixed capital to such an extent as to introduce the improvement. Thus Professor Marshall tells us: "There is often a loss on the use of a machine unless it earns every year 20 per cent. on its cost, and when the operation performed by such a machine costing £500 adds only a hundredth part to the value of the material that passes through it—and this is not an extreme case—there will be a loss on its use unless it can be applied in producing at least £10,000 worth of goods annually."

In a large establishment there are also, as a rule, advantages over the small in the matter of buying and selling, in its possibility of wide advertising, and in the fact that its goods will further advertise it. These economies seem able to outweigh the more watchful attention, and the greater regard to minor gains and losses usually found in small undertakings. Some undertakings could hardly be conducted on other than a large scale: it would, for example, be intolerable to make a journey from Liverpool to London over a hundred small railways each controlled by a small capitalist. Clearly there must be a great economy in the labour of superintendence and direction when the hundred undertakings combine into one.

The advantages of large scale production do not seem to be so decisive in the case of agriculture as in other branches of production. The reason is probably the less dominating power of machinery

in agriculture, the great empirical skill and knowledge acquired by small holders, and the superior ardour of industry displayed. Then small farmers may, and do, associate so as to obtain the advantages of large scale production, without sacrificing their independence, initiative, responsibility, and personal interest. In such cases the very best results are obtained.

Obviously, the advantages of large scale production may be obtained only when a large amount of business can be done. There must be available, as a home market, a populous and flourishing community, or there must be an opening for exportation. If only a dozen pairs of boots could be sold in a year, it would be cheaper to continue making them by hand, no matter what machinery were invented. As a rule, what is called labour-saving machinery is properly product-making machinery: it can only be introduced with profit when the demands of a large community are to be met. To meet these large demands, it makes a much larger product with the same labour. (The relation of "dumping" towards large scale production, and the efforts to realise its economies by this device, are discussed in the article on PROTECTION.)

**LASCAR.**—This is a Hindu word, which really signifies a camp-follower, but at the present time it invariably denotes an Indian seaman, especially those who are employed on ships trading in or with the Eastern seas.

**LASTAGE.**—The sand, gravel, or ballast used in ships for the purpose of keeping them steady.

**LASTINGS.**—A general name for certain wool or cotton fabrics, either plain or figured.

**LATAKIA.**—A famous tobacco named after the Syrian town from which it is obtained. It is the product of the *Nicotiana rustica*.

**LATHS.**—Thin strips of wood used in plastering. They are usually 3 to 6 ft long, 1 in. broad, and  $\frac{1}{2}$  in. thick.

**LATIN UNION.**—This Union, also called the Latin Monetary Union, was formed in 1865, the members being Belgium, France, Italy, and Switzerland. Ten years later, viz. in 1875, Greece joined it. The object of the Union was the establishment of a standard coinage for each of these countries, the coins being of the same weight and fineness, in order that the coins of one country should pass as legal tender in any of the others. The unit is the same in each, though the names applied are not the same. In Belgium, France, and Switzerland it is the franc; in Italy the lira (pl. lire); and in Greece the drachma (pl. drachmai). Other European countries have adopted a similar system of coinage, but have not joined the Union. These countries include Austria, Finland, Rumania, Serbia, and Spain (See FOREIGN MONIES, and cf. SCANDINAVIAN UNION).

**LATITUDE AND LONGITUDE.**—The position of any place on the globe can be indicated to any required degree of accuracy by reference to two lines such as the equator—a line equidistant from the poles—and a meridian—a line along the surface of the earth joining the poles. In England, and, in fact, throughout the greater part of the world the meridian of Greenwich is used. The position of a place with reference to the equator is its latitude; and its position with reference to the Greenwich (or other) meridian is its longitude. The measurement of latitude and longitude is based on the division of the circle into 360 degrees. Since a line drawn from the equator to one of the poles is a

quarter circle, this line is divided into ninety parts and through the divisions circles drawn parallel to the equator. These run due east and west and are parallel, hence the term "parallels of latitude." They are numbered from the equator which is zero, northward and southward 1° N. 1° S. etc., the poles being 90° N. and 90° S. Places near the poles are spoken of as being in high latitudes. The latitudes of the tropics, between which is the belt of overhead sun, are Cancer 23½° N. and Capricorn 23½° S. The Arctic and Antarctic Circles, within which are the regions of midnight sun in summer, are 66½° north and south of the equator. Since the distance between any two parallels is almost though not exactly the same, on account of the slight flattening of the earth towards the poles, it is convenient to notice that the distance in miles between two parallels is roughly 3660 miles or nearly 70 miles (68 7 miles near the equator, 69 4 miles near the poles.)

The initial or prime meridian is generally drawn from pole to pole through Greenwich. A circle of the earth, as the equator, is then divided into 360 degrees and through each of these a meridian is drawn. These are numbered 1° E, 1° W and so on from the prime meridian up to 180°. Meridians are widest apart at the equator and converge towards the poles, where they meet, and the following table gives the number of miles between two meridians at various latitudes—

|     |              |     |              |
|-----|--------------|-----|--------------|
| 0°  | 69 172 miles | 50° | 44 552 miles |
| 10° | 68 129 "     | 60° | 34 674 "     |
| 20° | 65 026 "     | 70° | 23 729 "     |
| 30° | 59 956 "     | 80° | 12 051 "     |
| 40° | 53 063 "     | 90° | 0 000 "      |

There is an intimate connection between longitude and time. All places having the same longitude, or lying on the same meridian, have midday at the same time. Since the sun passes through 360 degrees in 24 hours it passes through 15 degrees in 1 hour or 1 degree in 4 minutes, so that for every degree of difference in the longitude of two places there is a difference of 4 minutes in time, and, since the sun apparently travels from east to west, places in the east have their time in advance of the time of those in the west.

**Standard Time and Time Belts.** In countries like the United Kingdom which extend over but a few degrees of longitude, it is inconvenient to have a number of different times on account of the working of the railways and telegraphs, and Greenwich time is kept throughout. In North America, however, where there is a difference of over four hours between the eastern and western coasts, such a course is impracticable, and the country is divided into standard time belts 15° or 60 minutes wide. This arrangement gives Pacific time, Mountain time, Central time, Eastern time, and Atlantic time, each differing by an hour from the next, Atlantic time being four hours slower than Greenwich. On the Continent of Europe a similar arrangement is made, the western countries using Greenwich time, the central countries Central European time, one hour faster than Greenwich, and the others Eastern European time, two hours faster than Greenwich. Similarly in order to facilitate the comparison of times in various countries, most of the countries of the world make their time standard an exact number of hours faster or slower than Greenwich. (The above information of course needs adjustment when Summer Time is in operation.)

**LATTEN.**—A name derived from an old French word for brass. It stands for the brass or bronze used for memorial purposes, and also for tin rolled out in plates.

**LAUDANUM.**—Also known as tincture of opium. It is a reddish-brown liquid obtained by filtration from opium steeped in dilute spirit. It is poisonous owing to the presence of morphine, but in prescribed doses it is much used in medicine as an anodyne and soporific.

**LAURITE.**—This is one of the simple sulphides, found chiefly in conjunction with platinum in Borneo and Oregon.

**LAVENDER.**—The *Lavendula vera*, grown principally in Surrey and Hertfordshire, and to a large extent in France and other Continental countries. The flowers yield an essential oil, which is used as a tonic in medicine, and in the manufacture of lavender water and other perfumes. The oil obtained from a certain species of lavender growing in South Europe is known as spike oil, and is employed by painters on porcelain. The fragrant flowers, when dried, are put into drawers and wardrobes to protect the contents from the attacks of moths.

**LAW AGENT.**—This is the name applied to every person who is entitled to practise in the law courts of Scotland. It includes writers to the signet, solicitors in the supreme courts, and procurators in any sheriff's court.

**LAW COURTS.**—(See COUNTY COURTS, HIGH COURT, MAYOR'S COURT, PETTY SESSIONS.)

**LAW MERCHANT.**—(See COMMERCIAL LAW.)

**LAWN.**—A fine kind of linen made chiefly at Belfast, and used for clerical vestments, handkerchiefs, blouses, etc. It owes its name to the fact that linen was originally bleached by exposing it on lawns to the action of the sun and the atmosphere.

**LAW SITTINGS.**—The four periods of the year during which the business of the High Court is conducted. They are—

(1) **Hilary**, from January 11th to the Wednesday before Easter.

(2) **Easter**, from the Tuesday in the week following Easter Week to the Friday before Whit-Sunday.

(3) **Trinity**, from the Tuesday in the week following Whitsun Week to July 31st.

(4) **Michaelmas**, from October 12th to December 21st.

If January 11th or October 12th falls upon a Sunday, the sittings—Hilary or Michaelmas—commence on the following day. If July 31st or December 21st falls on a Sunday, the sittings—Trinity or Michaelmas—end on the previous day.

The period between August 1st and October 11th is known as the Long Vacation.

**LAW SOCIETY.**—This is, in fact, the society which controls the great body of solicitors of this country. It was established in 1822, and incorporated by Royal Charter in 1845. It keeps the roll of solicitors, examines candidates, and inquires into complaints made against solicitors in connection with their professional duties. As a body it has been much criticised on many occasions, but there is no doubt that it was largely instrumental in bringing about many of the greatest legal changes of the nineteenth century, not only as far as legislation is concerned, but also with regard to the administration of justice in the courts.

**LAWYER.**—The name popularly given to every person who is a member of the legal profession—barrister and solicitors in England and Ireland, law agents (*q.v.*) in Scotland.

**LAY DAYS.**—The merchant usually covenants to load and unload the ship within a limited number of days after she is ready to receive the cargo and after arrival at the destined port, and to pay the freight in the manner appointed. These days are called "lay days." The number of lay days may be either expressly defined by the charter party or determined by inference or reference from its terms, *e.g.*, "within so many days," or "according to the usual despatch of the port," or "in the usual and customary time," or "at the rate of so many tons per day." If no reference or inference is to be found in the terms of the charter party, the charterer is then bound to load or discharge, as the case may be, within a reasonable time. Lord Esher, MR in *Nelson v. Wait*, 1885, 16 Q.B.D. 70, said: "If the charterer keeps the ship beyond the 'lay days,' when he pays nothing, and only the number of 'demurrage days,' he pays a fixed sum for demurrage. If he keeps the ship after that, it is a question of damages, and he does not know what he has to pay until the question is settled by a tribunal or by agreement." "Lay days" are described in a charter party in various ways, sometimes certain days are fixed for loading or unloading. If these days are described simply as 'days,' then, although they are not so-called when they are said to be for loading or unloading, nevertheless they are 'lay days.' 'Days' and 'lay days' are really the same thing in a charter party. 'Days' or 'lay days' may be calculated in a different manner, they may be described, and sometimes they are described, in a charter party as days of so many working hours. Then the number of days is also fixed. The days may be described as 'working days.' Now, 'working days,' if that term is used in the charter party, will vary in different ports, 'working days' in the port of London are not the same as working days in some other ports, even in England, but working days in England are not the same as working days in foreign ports, because working days in England, by the custom and habits of the English, if not by their laws, do not include Sundays. In a foreign port working days may not include Saints' days. If it is the custom or the rule of the foreign port that no work is to be done on the Saints' days, then working days do not include Saints' days. If by the custom of the port certain days in the year are holidays, so that no work is done in that port on those days, then working days do not include those holidays. Working days in an English charter party, if there is nothing to show a contrary intention, do not include Christmas Day and some other days, which are well known to be holidays. Therefore 'working days' mean days on which, at the port, according to the custom of the port, work is done in loading and unloading ships, and the phrase does not include Sundays. Merchants and shipowners have thought that this arrangement was not satisfactory to them, and that the lay days ought to be counted irrespective of this custom, so that the charterer should take the risk whether work is done on Sundays or holidays at the port. They, therefore, introduced a new term, which is 'running days.' Now, 'running days' were put in really as a mode of computation to be distinguished from 'working days.' 'Days' include every day. If the word 'days' is put into the charter party—so many days for loading and unloading—and nothing more, that includes Sundays and it includes holidays. 'Working days' are distinguished from 'days.' If 'days' are put in, there

is sure to come some discussion about what is the length of the day during which the charterer is obliged to be ready to take delivery, or the shipowner to deliver, because the length of days may vary according to the custom of the port. In some countries, for anything that I know, the custom of the port may be to work only four hours a day; and if 'days' are put into the charter party, there may be a dispute—although I do not say it would be a valid contention according to English law—whether the day included more than four hours. And merchants and shipowners have invented this nautical term, about which there can be no dispute. They have invented the phrase 'running days.' It can be seen what it means. What is the run of the ship? How many days does it take a ship to run from the West Indies to England? 'Running days' are those days on which a ship, in the ordinary course, is running. 'Running days,' therefore, mean the whole of every day when the ship is running. That is every day and night. They are the days during which, if the ship were at sea, she would be running. That means every day. Therefore, 'running days' comprehend every day, including Sundays and holidays, and 'running days' and 'days' are the same. But custom may make 'days' equivalent to "working days," and exclude Sundays and holidays.

**LAZARETTO.**—This word is derived from *lazar*, which signifies a "leper." The establishment so called by this name is a building, found in certain foreign ports, where goods imported are fumigated before being allowed to be put upon the market. This is especially the case when the ship has been in quarantine (*qv*). Not only goods, but also passengers, are sometimes required to undergo the process of fumigation, if the ship in which they have been passengers has come from a port where contagious diseases are prevalent.

**LAZULITH.**—One of the mineral phosphates, found chiefly in Germany and in several American States.

**LEAD.**—A soft, bluish-grey metal, with a dull lustre, which soon tarnishes on exposure to the air. It is chiefly obtained from the ore galena, a sulphide of lead found in Cumberland, and in many European countries, especially Spain. The galena is crushed and washed to remove earthly impurities, and then heated with proper fluxes, such as limestone, in a reverberatory furnace. The crude lead requires many additional processes of purification before it is ready for the market. Lead is used in the composition of various alloys. Among these are type-metal, which consists of a mixture of lead, antimony, and tin; pewter, which is composed of lead and tin alone; tin solder, and shot metal. Lead is much used for roofing, piping, cisterns, and for the manufacture of bullets. Its compounds are also very valuable. Red lead, or minium, is an oxide largely employed as a cement, as a pigment in glazing earthenware, and in the manufacture of flint glass. The carbonate, known as white lead, is a powder extensively used for pottery glazes and as a pigment. Yellow lead is a mixture of lead, oxide, and antimony. It is employed in colouring earthenware. Salts of lead have astringent properties, and are, therefore, valuable in medicine. They are mainly applied in the form of lotions.

**LEAKAGE.**—This is an allowance made on liquids for what may be lost by leaking. In certain bills of lading and charter parties the words "leakage and breakage excepted," or "not accountable

for leakage and breakage," are used, and if this is so the shipowner is protected as to any loss which may arise in this manner.

**LEANG.**—(See FOREIGN WEIGHTS AND MEASURES—CHINA.)

**LEASEHOLD ENFRANCHISEMENT.**—The term "leasehold enfranchisement" is used to express the process by which a lessee would be able, if the law allowed, to turn his leasehold into freehold without the consent of the lessor. In the Bills that have been brought before Parliament for a considerable number of years, the legislation proposed is described as Leasehold Enfranchisement or as Leaseholders' (Purchase of Fee Simple) Bill. All these Bills are very similar in explaining their purpose to be to give faculties to leaseholders for the purchase of the fee simple of their holdings, or to enable leaseholders to become freeholders. The phrase has no doubt been formed on the analogy of copyhold enfranchisement, the process by which a copyholder can turn his customary estate into freehold compulsorily and independently of agreement with the lord of the manor. It has been the policy of the law since 1841 to favour enfranchisement of copyholds either by agreement or by compulsion, the Acts, with that aim, extend from the just-mentioned date to the Copyhold Act, 1894 (57 and 58 Vict. c. 46). But while copyhold enfranchisement has been introduced without controversy, leasehold enfranchisement has not yet got beyond the stage of Bills presented to Parliament which have not hitherto more than passed a second reading. Since 1889 there has been a leasehold enfranchisement Bill in Parliament almost every session, but they have generally been dropped after being presented. The promoters of these Bills are mostly advanced politicians, who are opposed to the English land system, and whose politics are usually hostile to the land-owning classes. The consequence, therefore, is that all leasehold enfranchisement Bills are extremely controversial. The leasehold system encourages the multiplication of interests and the dissipation of responsibility amongst owners, so that leasehold property is apt to fall into neglect and into the condition of the slum. The fact that at the end of the term the buildings on the land, though they have not been built at the cost of the lessor, will revert to him or his representatives, tends to the property being neglected and falling out of repair. Then there are the many shopkeepers who build up businesses, and at the approaching end of the term are rented on the enhancement of value due to their own labours on a plan of non-renewal of their lease.

Under the leasehold system it is urged by the supporters of leasehold enfranchisement that enormous sums of money fall into the hands of ground landlords, who have done little or nothing to create the value. The Royal Commission on Housing reported in favour of legislation for the acquisition by the leaseholder of the freehold interest. "The prevailing system of building leases," it said, "is conducive to bad building, to deterioration of property towards the close of the lease; and the system of building on leasehold land is a great cause of the many evils connected with overcrowding, unsanitary buildings, and excessive rents." The Town Holdings Committee's report also recommended enfranchisement generally, and that compulsory powers should be specially given to public educational bodies, co-operative and

provident societies, and public authorities and corporations.

The leasehold system is almost solely confined to England. An enquiry made while Lord Granville was Foreign Secretary showed that it was not known in Europe. It is not prevalent even throughout Great Britain. In Scotland it is not known, nor in the North of England, though it is pretty extensive in parts of Yorkshire, where there are great estates. The chief evils of the system are to be found in the South, especially in London; in great centres of population in Wales and the West of England, such as Cardiff, Newport, Bath, and other large towns.

The history of the Bills, as given in 1908, the last occasion on which any formal argument was made in Parliament on presentation of an enfranchisement Bill, is not of very happy omen for the success of the movement.

In 1889 the second reading in the House of Commons was lost by twenty-one votes, in 1891 it was lost by thirteen votes. Since then no Bill has ever reached this stage, and they have mostly been dropped each session in which they have been introduced.

Mr. Maclean, who was Member for Bath in 1908, Bath being one of the centres specially exposed to the evils of the leasehold system, explained the Bill for that year, of which he was one of the sponsors. It is desirable to point out that Mr. Maclean denied that enfranchisement was only a Radical opinion. He claimed that it was not a party matter; and he had the promise of assistance from the Chairman of a Conservative Association in a very large town. Mr. Maclean's explanation of the Bill was that it proposed to remove the injustice from which owners of shops and houses in large towns, and tens of thousands of working men who owned cottages in mining districts, suffered, by giving them power to purchase the freehold at a fair sum, which in case of disagreement should be settled by a local court—the county court or otherwise. It also made provision whereby the present ground rent could be converted into what is known as a fee-farm rent, such as at present obtains in Lancashire and some parts of Somersetshire. This is practically the system of feus, which prevails in Scotland, there being a sum called feu duty reserved to the landlord out of the property, and the tenure is in every respect equivalent to our freehold, no land being let out for building for a fixed term of years, with reversion to the landlord. The Bill also contained provisions empowering the local authority to insist upon certain of the covenants in the lease being maintained for the public interest; and also to authorise releases from such covenants further than as provided by the Act itself, and also to restrain the lessee from so dealing with the premises as prejudicially to affect adjoining owners.

As the subject of leasehold enfranchisement is politically controversial, it is desirable to set out the proposals embodied in the Bills that have been presented to Parliament. There is no real precedent either in copyhold enfranchisement or in the provisions as to the acquirement of the freehold by owners of long terms contained in the Conveyancing Acts of 1881 and 1882. Under these last mentioned Acts, where there is an unexpired term of not less than 200 years, which, as originally created, was not less than 300 years, not being subject to any rent having a money value, and not liable to be determined for condition broken, the

lessee may convert the leaseholds into freeholds simply by a deed to that effect. When so turned into freehold, the property remains subject to all trusts or incumbrances as before. Such enfranchisement as this takes place in family settlements, and is quite different from the business transactions in which ordinary leaseholds have their origin. Thus it is fairly to be argued, from the point of view of the landlord, that he is at least as much entitled to the unearned increment from the improved value of a leasehold site as the leaseholder who would obtain it for himself by enfranchisement. On this point we may state the provisions of the Bills. The purchase money is to be the sum which, in the opinion of the court, is the value of the present interests, with the reversions in question expectant on the determination of the lease. Unless the lessor releases the lessee from restrictive covenants, these must be taken into account in assessing the purchase money. Still it remains true that by such assessment the landlord only gets the present value, and future values go to the enfranchised leaseholder. So that, according to ordinary principles of property, the landlord may say that by this compulsory sale his property rights are confiscated.

The right of the lessee is to acquire the reversion expectant or consequent upon the determination of his term, and the reversions of any superior or intermediate lease or interest, and also the freehold reversion. Certain notices have to be given by the lessee to the lessor, and the lessor must deliver to the lessee particulars of his interest in the premises, and the amount of purchase money he claims. The lessee will be informed from the particulars of his lessor of any other reversions or beneficial interests, and he will thereupon serve notices on the persons owning them to state the amount they claim.

When the lessee and these persons fail to agree about the purchase money, the lessee must apply to the court, which will settle the amount of purchase money for the different interests and for the freehold reversion.

What is proposed to be done as to the covenants contained in any lease on the purchase of a lease or the freehold reversion is as follows—

#### **Covenants that become void on Enfranchisement :**

- (a) Not to assign, demise, or part with the premises without the consent of the lessor.
- (b) Not to make any structural alteration or addition to the property without the consent of the lessor.

#### **Covenants that remain in Force :**

- (a) To make or construct buildings or roads, or to contribute towards cost of construction or maintenance of roads, party walls, sewers, etc., used in common with adjoining owners, occupiers, or lessees.
- (b) To repair and keep premises in repair.
- (c) To insure from fire and reinstatement in case of damage by fire.
- (d) To pay rates, taxes, land tax, tithe, and other outgoings.
- (e) To exercise or not to exercise any particular trade or business, or to deal with any particular person or company, or to use the property in any particular manner, or against committing or permitting nuisances.

Several others of a similar character are given, but the most interesting provision is that the local authority may also, in its discretion, give any

further release of covenants other than the releases provided under the Act; and may also restrain the lessee from so dealing with the demised premises, either by doing or omitting to do any act in connection therewith, as will, in the opinion of such local authority, prejudicially affect adjoining owners.

For the value of the freehold reversion and other interests, as found by the court, an order will be made for a perpetual rent charge secured upon the property; though the lessee may pay the amount of fixed purchase money into court and obtain a certificate of all interests having passed to him.

It seems only necessary to add that the parties who are served with notices by the lessee to purchase their interests have the right to require him to prove his title, and that he has also the right to require from them an abstract of title and verification. The costs of this are cast upon the lessee.

**LEASEHOLDS.**—Land held for a fixed term certain, as for a definite number of years, is known as leasehold. (See LANDLORD AND TENANT.) The length of the term makes no difference, thus, whether land has been granted to be held for a thousand years or one year, it is alike leasehold, and the interest which the lessee has in it is a kind of interest which is created out of real property, but which is not real property itself. This term "real property" is not applicable to any interests in land which are not freehold, and though a thousand years' interest is so much longer than the longest of human lives, yet an estate for life in land gives the person entitled to it a freehold interest, while the former does not, and only where there is a freehold interest does the law include it in the description of real property. Thus, leasehold terms in land are personal and not real property, and they descend after the death of the person entitled not to his heir but to his personal representatives. But the law marks the special relation of leasehold terms and interests to real property by giving them the description of chattels real, chattels being the general term applying to all species of personal property.

Moreover, the law would originally not allow any person to bring an action in the courts to recover possession of the land itself, unless he had a freehold interest, or, as the law termed it, a freehold estate in the land, and thus he had not if he had only a leasehold term. The difference was that, while the ownership alone was recognised, a leasehold interest was not ownership. The leaseholder had only the right by a contract with the freeholder, who was the only recognised owner, to use the property, and, in fact, from the point of view of the law, the leaseholder's possession was on behalf of the freeholder, who was the person in legal possession. In very early days, therefore, the leaseholder had no legal interest in the land, and was only a tenant at will, if he entered on it under the contract. At the most, he could bring an action for damages, or, as lawyers say, sue on the covenant or agreement with him of the freeholder. But since the time of Henry VIII the leaseholder has been in an assured position, if he has entered upon the land under the terms of the lease. He has had a legal interest in the land itself which cannot be defeated by anything the lessor may do; and he has the right to maintain or recover possession if he is dispossessed by whomsoever it may be. Thus the leaseholder has had from that period a true property in his leasehold. It is necessary, however, that the leaseholder should have entered on the land, as until

he does so he has no legal estate in it. All he has is an interest in the term (*interesse termini*) or right to enter on the land; but it is transferable, and passes as if it were an estate.

A lease must be created by deed if the term is for more than three years, or if the rent reserved is less than two-thirds of a rack rent. But if there is an agreement in writing for a lease, which yet not being under seal is not a lease, this is a good agreement for a lease. Besides, if the intended lessee is in possession of the land under such an agreement, or under a parol (verbal) agreement for a lease, the courts will compel the lessor to grant him a valid lease on the terms of the agreement. In the case of *Walsh v. Lonsdale*, 1882, 21 Ch. D. 9, a landlord put in a distress on a tenant who was in possession under an agreement for a lease. It was held that since the Judicature Acts, 1875, a person holding under such an agreement is not, as he used to be, a tenant from year to year, but that he holds subject to the same right of distress as if a lease had been granted, so that if under the terms of the lease a year's rent had been payable in advance on demand, a distress for that would have been lawful.

There are certain covenants or agreements in almost all leases, on the part of both the lessor and the lessee, giving them such rights against each other as each thinks necessary and specially required by the particular circumstances of the property demised by the lease. But there are other more general covenants without which no lease would be considered well drawn. Thus the lessor's covenants are (a) that he has good title to make the lease, and (b) that the lessee shall remain in quiet enjoyment without disturbance. But the covenants do not guarantee the lessee against all the world. They are limited to the acts of the lessor himself or to acts done by his ancestors or testators under whom he claims, and other persons claiming through himself or them.

The lessor may insist on the lessee's "usual covenants" being inserted in the lease, even if the contract for the lease is an open one, that is, if no particular terms are contained in the agreement for case. These usual covenants are—

1. Covenant to pay the rent.
2. Covenant to pay rates and taxes on the property, except landlord's property tax and tithe rent charge.
3. Covenant to keep and deliver up the premises in repair.
4. Covenant for right of lessor to enter at intervals for the purpose of inspecting the state of repair.

These covenants are binding on the lessee during the whole term, even if he sells the property. The person to whom he sells and assigns must, therefore, with or without covenanting to do so, pay the rent and observe the covenants, and if the assignee of the term fails to do so, the lessor can sue him. The liability passes to each assignee in turn, yet does not last beyond his tenancy of the premises. But this only relates to those covenants which "run with the land", for example, if the lessee had contracted for himself and his assigns to build a wall on the land. A covenant by the lessee that he and his assigns would build a wall on other land would, however, not bind the assignee of the land demised by the lease. Conversely, the assignee gets the benefit of the lessor's covenants. If the lessor assigns the freehold of the property, known as the

reversion, to a purchaser, he still remains liable upon his express covenants that run with the land while the term lasts (*Stuart v. Joy*, 1904, 1 K.B. 362). "The position of the lessor with respect to covenants running with the reversion is now precisely similar to the position of the lessee with respect to covenants running with the land" (*Stuart v. Joy*, *supra*).

In addition to these covenants, there is generally what is called a proviso or condition for re-entry in case of non-payment of rent, or non-performance or non-observance of the covenants. But now relief against this forfeiture of the lease is generally possible. If it is for non-payment of rent, proceedings may be stayed by payment of the rent and costs before judgment, or by paying them within six months after judgment. In regard to relief in other cases of forfeiture, this is regulated by the Conveyancing Act, 1881, and the Conveyancing Act, 1892, but the provisions are too minute and technical to be detailed here.

There is often also in leases a condition or covenant that the lessee shall not assign or underlet the premises without the permission of the lessor, and that this consent shall not be unreasonably or arbitrarily withheld. This consent under such a form of covenant cannot be unreasonably withheld, but it is evident that if there is any dispute about this the assignment cannot safely be made, unless the lessee acts under direction of the court. And if there is a simple prohibition of assigning or underletting, the lessee is bound absolutely not to do so, and no assignment or underlease would be good without the landlord's consent, and the court would not relieve against forfeiture. Moreover, unless there is an agreement in the lease that the lessor may demand a fine for his licence or consent, he cannot exact such a fine. The covenant usually runs: "Shall not assign, underlet, or part with" the premises. The difference between an assignment and an underletting is that in the first the lessee parts with all the term to the purchaser, in the second he retains some part of the term, be it only the last day, in himself. The effect of an assignment is that the assignee becomes liable to the lessor for the breaches of covenants which run with the land, but the sub-lessee who takes anything less than the whole term is not liable to the lessor, but to the sub-lessor for breaches of covenant.

As leaseholds are personal property, the same rules are applicable in regard to the persons who are entitled to them on the death of the lessee, as on the death of any other owner of such property. If he dies intestate, the leaseholds vest in the persons to whom the Court of Probate grants administration. Since 1898, indeed, the devolution on the administrators is the same for both realty and chattels real, and for other kinds of personality; but the difference is that while the administrators hold real property as trustees for the next-of-kin of the intestate, amongst whom they are distributed in the same way as is other personal property, and subject to the payment of his debts.

If leaseholds are bequeathed by will they go to the executors with other personal property, and the executors can dispose of them for raising money or paying debts as they can other chattels. Before the year 1837, if a testator gave by will all his lands and tenements, this did not pass the leaseholds, unless he had no freehold lands. Since the Wills

Act of that year, general words giving land or property will pass both freeholds and leaseholds, unless a contrary intention is expressed. But the words must be such as would describe a leasehold estate. Thus "real estate," "freeholds," or similar words would not pass leaseholds unless the testator had no freeholds at all. Where an owner of leaseholds is not domiciled in England, that is, has not his settled permanent home here, but in a foreign country, the leaseholds are not distributed, if he has not made a will, according to the law of the country of the domicile, but according to the law of England. Usually personal property follows the law of the domicile; but leaseholds are immovables—they are interests in the soil of this country, and so they are distributed as the law of this country and not as a foreign land directs.

So if a foreigner who has leaseholds in England makes a will not attested in the form prescribed by the Wills Act, 1837, but made in the foreign form, the beneficial interest will not pass by such an instrument (*Pepin v Bruvère*, 1902, 1 Ch 24). This was formerly the law when a British subject made a will abroad. Now, however, by Lord Kingsdown's Act, 1861 (24 and 25 Vict c 114), every will made out of the United Kingdom by a British subject, no matter where his actual domicile may be, and validly executed according to the forms required by the law of the place where it is made, is well executed as regards personal estate, and will pass leaseholds. (*In re Grassi*, *Stubbsfield v. Grassi*, 1905, 1 Ch 584.)

**LEATHER.**—The skins or hides (*qv*) of all animals can be made into leather, but the animals most used for this purpose are the ox, cow and calf, goat and kid, sheep and lamb, horse and colt, deer, and buffalo. There are several distinct methods of preparing leather, but they all depend upon the combination of the tannic acid of some tanning material, such as oak bark, with the gelatinous substance of which the skins largely consist. The various processes extend over a lengthy period. Most skins are prepared for unhairing by immersion in a milk of caustic lime, mixed as a rule with some alkaline sulphide, but when a particularly solid leather is required, the hides are subjected to a different process, known as "sweating." They are next stretched so as to open the pores and make the material capable of absorbing the tannin, which is usually of vegetable origin. A weak infusion of the tanning substance is first employed, but this is gradually increased in strength. In the case of sole leather, the process of tanning covers a period varying from three to six or even twelve months. The hides are then drained, dried, and curried. The last-named process involves saturation with fatty substances, graining, and smoothing. Further treatment is required in the preparation of special kinds of leather.

Morocco leather is the name applied to the skins of goats tanned with sunbath, but the term often includes sheep skins similarly treated, though the latter are more correctly known as roan leather. Chamois leather is a particularly soft variety, now generally made from sheep skins by treatment with oil alone. The finest "chamois" goods are, however, still prepared from deer skins. Buff leather is prepared from ox or cow hides. Russia leather is smooth, brownish-red leather, which owes its peculiar odour to the oil of birch bark with which it is impregnated. Patent leather is prepared from ordinary leather by means of a special varnish.

The manufacture of leather and leather goods is a flourishing British industry. Among the most important articles produced are boots, shoes, gloves, saddlery, furniture, and bags; but the uses of leather are too many for enumeration. There are quarterly leather fairs at Leeds, and one or two public sales in London every month.

Leather cloth, often known as American cloth, does not consist of leather at all. It is a textile fabric of unbleached calico coated with a mixture of boiled oil, dark pigments, and other ingredients. It somewhat resembles leather in appearance, and is used as a cheap substitute for it in upholstery.

**LEDGER.**—This is one of the principal books kept by merchants and others where the system of book-keeping by double entry is in vogue. In this book are recorded all the entries made in all the other books, but the entries are here summarised and classified for the purpose of ready reference. The name "posting" the ledger is given to the act of transferring the entries. (See *Books of Account*.)

**LEEK.**—A member of the onion family, grown chiefly in Wales and Scotland. It is used in cookery as a vegetable and for seasoning purposes.

**LEEMAN'S ACT.**—This is the name by which an Act of Parliament (30 Vict. c. 29) is known, which deals with the purchase and sale of bank shares. Legislation affecting dealings in one particular class of share is something out of the common, and the idea underlying this Act is that unrestricted speculation in the shares of banking institutions might shake confidence in the stability of such institutions, as, for instance, a fall in the price might occur, due merely to large "bear sales," but the effects of which would be disturbing on the mind of the general public and might prove detrimental to the credit of the bank concerned. The Act provides that every seller of bank shares shall declare to the buyer at the time the bargain is entered into, the distinctive numbers of the shares that are to be sold, so that in the case of bank shares, ordinary speculative "bear" sales, *i.e.*, the selling of shares not held, are practically prohibited. The Act, which is a short one, consists of three Sections as follows—

"(1) All contracts, agreements, and tokens of sale and purchase which shall be made or entered into for the sale or transfer, or purporting to be for the sale or transfer, of any share or shares, or of any stock or other interest in any joint stock banking company in the United Kingdom of Great Britain and Ireland, constituted under or regulated by the provisions of any Act of Parliament, royal charter or letters patent; issuing shares or stock transferable by any deed or written instrument shall be null and void to all intents and purposes whatsoever, unless such contract, agreement, or other token shall set forth and designate in writing such shares, stock, or interest by the respective numbers by which the same are distinguished at the making of such contract, agreement, or token on the register or books of such banking company as aforesaid, or where there is no such register of shares or stock by distinguishing numbers, then unless such contract, agreement, or other token shall set forth the person or persons in whose name or names such shares, stock, or interest shall, at the time of making such contract, stand as the registered proprietor thereof in the books of such banking company; and every person, whether principal, broker or agent, who shall wilfully insert in any

such contract, agreement, or other token any false entry of such numbers or any name or names other than that of the person or persons in whose name such shares, stock, or interest shall stand as aforesaid, shall be guilty of a misdemeanour, and be punished accordingly, and, if in Scotland, shall be guilty of an offence punishable by fine or imprisonment.

"(2) Joint stock banking companies shall be bound to show their list of shareholders to any registered shareholder during business hours, from 10 of the clock to 4 of the clock.

"(3) This Act shall not extend to shares or stock in the Bank of England or the Bank of Ireland."

The Act is still in force, but its provisions are disregarded on the London Stock Exchange, as it is not the practice to specify the number of the bank shares on the contract note. Where a person, in ignorance of the practice, instructs his brokers to purchase certain shares in a joint stock bank and, before the settling day, repudiates the contract, it has been held that the contract is not binding upon him. But if a purchase of such shares is made with full knowledge of the practice, the purchaser cannot repudiate his contract.

There is also another Act which is sometimes known as Leeman's Act, viz., the Borough Funds Act, 1872. This Act allows the costs occasioned by promoting and opposing Bills in Parliament to be charged on the local funds.

**LEEWARD.**—That side of the ship facing the quarter to which the wind is blowing.

**LEEWARD ISLANDS.**—The Leeward Islands are the northern part of the Lesser Antilles, between Puerto Rico and Dominica. They are small, mountainous islands, the summits of a submarine range of mountains.

**Climate.** Although there are considerable local variations, the climate is generally hot and equable, with a rainy season from May to December, and a dry season from February to March. The prevailing winds from the Atlantic bring much moisture to the eastern sides, which are covered with a dense vegetation, while there are few harbours on that side on account of the continual mist.

**Chief Islands.** With the exception of the French possessions in the Leeward Islands, of which the more important are *Huahine* (1,230), *Raiatea* and *Tahiti* (3,347), and *Bora-Bora-Maupiti* (1,295), the chief islands are under British rule.

The British islands are *Antigua* (with Barbuda and Redonda), *St Kitts-Nevis* (with Anguilla), *Dominica*, *Montserrat*, and the *Virgin Islands*. The total area is 715 square miles, and the population is about 130,000.

**ANTIGUA.** This island is the seat of the federal government and residence of the governor. It has an area of 198 square miles and a population of about 32,000. The islands of Barbuda and Redonda are dependencies. The chief products of Antigua are sugar, cotton, limes, and pine apples; Barbuda exports cotton, limes, and onions, and Redonda has valuable phosphate of alumina mines.

*St John* (9,000) is the chief town.

**ST KITT'S-NEVIS.** The islands of St Kitts (St Christopher), Nevis and Anguilla were united to form one presidency in 1882. The area is about 150 square miles, and the population 43,000. St Kitts, the chief island, is very fertile. Sugar and sugar products and cotton are the chief exports. *Baseterre* (9,000) is the capital.

Nevis is simply a single cone-shaped mountain, surrounded by a margin of low lands; while Anguilla is low and flat.

**DOMINICA,** 29 miles long and 16 broad, was originally French, and the French language is still used. The highest mountain in the island is just over a mile high, while the Grand Soufrière is an active volcano. Cocoa, coffee, and lime juice are exported.

*Roseau* (9,000) is the chief town.

**MONTserrat** is very healthy and contains some fine forests. The cultivation of sugar was once the staple of the island, but lime-juice and cotton are now the chief exports.

*Plymouth* (1,500) is the chief town.

**THE VIRGIN ISLANDS**—32 islands—have a total area of 58 square miles with a population of nearly 6,000. The chief British islands are Tortola, Virgin Gorda, Anegada, and Jost-Van-Dyke. The United States possesses Santa Cruz, St Thomas, and St John.

Sugar, cotton, and limes are cultivated; coconuts and provision crops are also grown.

Mails are despatched once a fortnight, and the time of transit is about fourteen days.

For map, see WEST INDIES.

**LEGACY.**—A legacy is a gift by will of personality, while a devise is a gift by will of realty. As a legacy arises from the bounty of the testator, who must be just before he is generous, it is postponed to the claims of creditors. Legacies may be (1) general, (2) specific, (3) demonstrative, (4) substitutional or cumulative. A legacy is general when it does not amount to a bequest of any particular thing or money as distinguished from other things of the same nature, i.e., when the thing given is not specifically identified. When a general legacy is of money payable out of the general estate, it is called a pecuniary legacy. A legacy is specific when the thing given is specifically identified, i.e., when it is a bequest of a particular thing or sum of money, as distinguished from other things of the same nature. A legacy is demonstrative when it is in its nature a general legacy, but there is a particular fund pointed out to satisfy it. If the particular fund has ceased to exist at the death of the testator, a demonstrative legacy becomes a general legacy. A cumulative or substitutional legacy arises when a testator by the same will, or, e.g., by a will and a codicil, has bequeathed more than one legacy to the same person, and a question arises whether he intended the second legacy to be substitutional or cumulative, i.e., in place of the first, or in addition to it. Two instances are given: If legacies are not of a specific thing, but of an amount, e.g., a sum of money, and are bequeathed by the same instrument and are of equal amount, the second legacy is substitutional, but if in the above case they are of unequal amounts, the second legacy is cumulative. Again, if such legacies as above are bequeathed by different instruments, whether they are equal or unequal, the second legacy is cumulative. When a legacy is of the remainder of the personal estate after payments of the testator's debts and satisfaction of the other legacies, it is called a residuary legacy. It may be noted that all devises are specific, even a devise of the residue of the testator's land, after giving, e.g., "Blackacre to A." As examples of the different kinds of legacy, the following are given: "My diamond ring to A," a specific legacy, "£500 to B," a general pecuniary legacy, "£2,000 out of the proceeds of the sale of my Midland Railway



Stock to C," a demonstrative legacy; "all the residue of my personal estate to F," a general residuary legacy. A sum of money, however, if it is sufficiently identified, may be a specific legacy, e.g., "I give to P the £100 which P owes to me," is a specific legacy.

The distinction between different classes of legacies is of great importance. In the administration of assets the order of the application of a legacy depends upon whether it is considered to be general or specific; so that upon the construction put upon it in this respect the question as to whether the legatee shall enjoy it or not may wholly rest. In this respect the position of a specific legatee is more advantageous than that of a person whose legacy is general; but in another respect the contrary is the case. Thus, if after a testator has given a specific legacy the thing specifically given ceases to exist, or ceases to belong to the testator, the legacy is held to be adeemed. The legatee loses the entire benefit of it, and cannot claim compensation out of the general estate. A specific legacy, however, has the advantage of not being liable to abatement. A general legacy, on the other hand, is not liable to ademption. It is payable out of any and every part of the assets not required for the payment of debts, and not specifically disposed of, and all general legacies, in the case of an insufficiency of assets, are payable *pari passu*, unless the testator has given to some a priority over others. If the particular fund has ceased to exist at the death of the testator, a demonstrative legacy becomes a general legacy, and is not adeemed.

A testator sometimes bequeaths money to a person to whom he owes money at the date of making his will, and *prima facie* the courts hold in such a case that the intention was to pay the debt with the legacy. The courts, however, are very ready to discover circumstances to avoid the application of this principle, and so anything which renders the legacy less advantageous to the legatee than payment of the debt is used to infer that the testator meant the legacy as an act of bounty. Instances of the above are: A legacy of a lesser amount than the debt, or of residue, or a legacy given conditionally or contingently, or where, even when the amounts are the same, the legacies are to be paid at some future date. A legacy of a lesser amount than the debt is payable in full, and does not wipe out part of the debt. Where a legatee is indebted himself to the testator's estate, he can receive nothing from the testator's bounty until he has brought into account the amount due in respect of the debt, but this principle does not apply where the debt is owed by a partnership of which the legatee is a member.

Legacies may be conditional. Conditions are either precedent or subsequent, i.e., the legatee has to perform the condition either before he gets the legacy or after. Conditions partly in restraint of marriage, e.g., forbidding marriage without consent, or under a reasonable age, or with a person of inferior social position, or of a particular religious persuasion, are valid. Conditions against disputing the validity of the will, or instituting administration proceedings without reasonable cause, are also valid. In certain cases the conditions imposed are bad, and a legatee may take the legacy in the face of the condition.

Where, after the payment of debts, there is a deficiency of assets to pay all the legacies, legacies abate in proportion unless a preference is given to

any particular legacy, for a testator is presumed to mean that the legacies should be paid equally, unless he expresses a contrary intention. Where, however, there are specific as well as general legacies, priority is given to a specific over a general legacy, and the specific is not liable to abate until the general is exhausted. Specific legacies, of course, are liable to abate in proportion as between themselves.

Another important division of legacies is into vested and contingent. To which class a legacy belongs depends upon the language of the will, for if the testator has clearly shown that it is his intention that the legatee should have the legacy in any case, though the time of enjoyment is postponed, and the legatee dies before that time arrives, the legacy is vested in the legatee at the testator's death and becomes payable to the administrators of the legatee; but if the gift is purely contingent upon the legatee attaining a certain age, or upon the happening of a certain event, then the legacy is a contingent one, and unless the condition is fulfilled the legacy will not go to the administrators of the legatee, but will wholly fail.

For example, where a legacy is given to a person to be paid or payable at a certain age, e.g., twenty-one, and the legatee dies before attaining that age, the interest is vested in the legatee immediately on the testator's death, and passes on the legatee's death to his personal representative, time being annexed to the payment and not to the legacy itself, but where a legacy is given to a person at, e.g., twenty-one, or when, or if, he shall attain twenty-one, and the legatee dies before that age, the legacy lapses, for the right of the legatee is made to depend upon his being alive at twenty-one. As a general rule, the giving of interest, however small, on a legacy, or a direction for the legatee's maintenance until he attains the age mentioned, is sufficient to vest the legacy. If the payment is postponed merely for the convenience or benefit of the testator's estate, the legacy is vested. If the words of the testator leave any reasonable doubt as to their meaning, the court leans strongly towards holding the legacy vested rather than contingent.

A legacy may fail in consequence of (1) uncertainty or vagueness of the sum bequeathed, or of the person or object intended, e.g., a legacy of a "handsome sum" to a charity so vaguely described as to be unascertainable would be bad on both grounds; (2) the insolvency of the testator's estate, or (3) the death of the legatee in the testator's lifetime, in which case the legacy is said to lapse. A testator may provide for a lapse, and give by his will the legacy to the legatee's representative in case of his death, but a bequest will lapse even though the bequest is made to the legatee, "his executors, administrators, and assigns." A lapsed legacy will fall into the residue of the estate, and the property comprised in it will become the property of the residuary legatee. If it is the residuary legatee who predeceases the testator, the lapse of his share creates an intestacy as to that amount. There is an exception to the rule as to lapse when the legatee is a child or other issue of the testator. It is provided by the Wills Act, 1837, Sect. 33, that in such a case the children or issue of the legatee, if there are any, shall not suffer by the death of the legatee during the lifetime of the testator, but that, unless there is a contrary intention expressed in the will, the intended legacy shall take effect as if the death of the intended legatee had happened immediately after the death of the testator. The effect of

this is not that the issue takes the legacy, or, in case of real property, the devise, but that it passes, so to speak, by the will or under the intestacy of the original legatee or devisee, as the case may be. For the purposes of the above, Section 33, a posthumous child of a testator's child, conceived but not born at the time of the testator's death, is living at the time of the death of the testator. If there is a legacy to joint tenants (*q v*), there is no lapse if one dies in the lifetime of the testator, but the survivor takes the other's share, but the case is different with tenants in common (*q v*). If the gift is to a class, *e g*, to the children of A B, there is no lapse if one who would be a member of the class dies in the testator's lifetime, because such a class is ascertained at the testator's death. It may be mentioned that where a bequest is made to a man as trustee for another person, the legacy will not lapse by the death of the trustee in the testator's lifetime.

Formerly the residue of a testator's personal estate, if there was no residuary legatee, belonged after payment of debts and legacies to the executor for his own benefit, unless a contrary intention could be gathered from the will, but by an Act of 1830 the executor is to be deemed a trustee for the persons who would be entitled to the estate under the Statute of Distributions in respect of any residue not expressly disposed of, unless it appears from the testamentary document that the person appointed executor was intended to take the residue beneficially.

At common law, unless and until the executor had assented to a legacy, there was no right of action against an executor to recover it. If the executor withheld payment, a legatee had recourse to a court of equity, and proceedings are still taken in the Chancery Division. Where the value of the testator's estate does not exceed £500, proceedings may be taken in the proper county court. Legacies generally become due at the testator's death, but are not payable for a year, for an executor is entitled to a year for collecting the assets and paying the debts, nor can a testator, by directing immediate payment, compel his executors to pay a legacy sooner. Executors, however, may pay legacies sooner, if they have money in hand, and the estate is plainly solvent, and in some cases would be acting improperly in refusing to do so. The executor's assent, which need not be in writing, or even by express words, but may be inferred from conduct, *e g*, paying interest, or making payments on account, takes effect as an admission that there are assets of the testator sufficient for the payment of that particular legacy, and, therefore, he makes himself responsible for the payment in the case of the assets proving deficient, unless he can show that the assent was given by mistake, or that the assets were sufficient when he assented, or that the subsequent loss is not his fault. An assent to a legacy to a tenant for life operates as an assent to the legacy in remainder as well. Legacies need not necessarily be paid in cash, but an executor may transfer any part of the estate to a beneficiary who is not subject to disability and entitled to payment at the proper market price. Sometimes a legatee prefers to renounce a legacy, *e g*, where it is burdened with onerous conditions, or he wishes to benefit the residuary legatee, in which case it is better that he should disclaim, by deed. As to interest, specific legacies are payable and interest thereon runs from the death of the testator, from which date all accretions, such as dividends and

bonuses, are carried with the legacy. General legacies, on the contrary, unless otherwise provided by the testator, are not payable until the expiration of a year from his death. Legacies payable upon the happening of a future event, *e g*, the death of a tenant for life, carry interest from the event. Legacies, however, carry interest from the testator's death in certain cases, *e g*, if the legacy is in place of a debt, or is charged on land simply without any trust for sale, or is given to a child of the testator, or to a person with regard to whom the testator has placed himself *in loco parentis*, unless the testator has made other provision for the child's maintenance. An infant child entitled under the will of its parent to a legacy contingently on its attaining twenty-one is entitled to maintenance during its minority out of the income of the legacy. Demonstrative legacies resemble general legacies as to both time of payment and interest. The rate of interest is generally, 4 per cent. Where legacies are payable to infants, the money should be paid into court, and not to the infant's guardian, unless there is a special direction to that effect in the will. (See EXECUTOR, LEGACY DUTY.)

**LEGACY DUTY.**—This is a tax paid to the Government upon all bequests of personal chattels or movable property, situate whether at home or abroad, made by a testator who is domiciled in the United Kingdom at the time of his decease. The duty is also payable upon *donationes mortis causa*, upon conditional gifts ordinarily, upon profits derived from the powers of management of the deceased's estate, when expressly conferred by the will, and upon releases from debts due to the testator. The duty when it was first levied was nothing more than a stamp duty given upon the receipt of the legacy, but in 1796 the duty was imposed on the property itself. When a legacy is paid, whether it is payable out of the testator's own personal estate or out of personal estate over which he possessed a power of appointment, the legatee must give a receipt which is charged with legacy duty according to the amount of the legacy. Residuary bequests are liable to the duty like other legacies. Leasehold property, though personal property, is, however, exempt from legacy duty, and is charged instead with a succession duty, calculated on the same principles as duty charged on realty or the proceeds thereof. A legacy to a person who dies before the testator, if given in such a way as not to lapse but to pass to his representatives, is subject to the duty. The duty is payable equally on the devolution of property in case of intestacy. Formerly legacy duty was divided into five distinct classes, according to the degree of relationship, but now the rates of the duty which is payable on the principal value of the property received, subject to certain exceptions, set out in the Finance Act, 1910, are, generally speaking, as follow:—

|   | Per cent. |
|---|-----------|
| Husband or wife, or children of the deceased, or their descendants, or the father, or mother, or other lineal ancestor of the deceased                    | £         |
| Brothers and sisters of the deceased, or their descendants, or the husbands and wives of such persons   | 5         |
| Any person in any other degree of collateral consanguinity, or a stranger in blood  | 10        |
| Until the passing of the Finance Act, 1910, husbands and wives taking from each other were exempt, but now they pay 1 per cent, subject to exceptions, as |           |

shown below, which apply equally to lineal ancestors or descendants

By Section 58 of the Finance Act, 1910, subsect. (2) . . . the duty shall be levied and paid in cases where the person taking the legacy or succession is the husband or wife of the deceased, intestate, or predecessor, as in the cases where the person taking the legacy or succession is a lineal ancestor or descendant of the testator, intestate, or predecessor: provided that the duty shall not be levied (a) where the principal value of the property passing on the death of the deceased in respect of which estate duty is payable . . . does not exceed £15,000, whatever may be the value of the legacy or succession; or (b) where the amount or value of the legacy or succession derived by the same person from the testator, intestate, or predecessor does not exceed £1,000, whatever may be the principal value of such property; or (c) where the person taking the legacy or succession is the widow or a child under the age of twenty-one of the testator, intestate, or predecessor, and the amount or value of the legacy together with any other legacies or successions derived by the same person from the testator, intestate, or predecessor, does not exceed £2,000, whatever may be the principal value of such property

In addition to the exemptions in favour of the class paying 1 per cent., there are also the following exemptions—

(a) On legacies for the benefit of the Royal Family.

(b) On specific, but not pecuniary, legacies under the value of £20.

(c) When the total value of the personalty does not exceed £100.

(d) Where the estate chargeable with estate duty on the death of the deceased, excluding property settled otherwise than by will, does not exceed £1,000 (net value), the duty is covered by the payment of estate duty or the fixed payments in lieu of estate duty. This exemption applies also to succession duty.

(e) Plate, furniture, etc., not yielding income given to different persons in succession, until they come to a person having an absolute interest in them.

(f) Sums paid over without grant of probate or administration, *e.g.*, not exceeding £100 under the Savings Bank Act.

(g) In case of soldiers or sailors killed on active service.

(h) On books, prints, and specific articles given to a public body for preservation, and not for sale

Annuities and limited interests are reckoned as legacies. When the property is settled by way of succession, the duty is payable immediately if it is payable throughout at the same rate; but if that is not the case, every beneficiary must pay according to the amount of his interest

The principal Acts relating to the duty are the Legacy Duty Act, 1796; the Stamp Act, 1815; the Customs and Inland Revenue Act, 1881; and the Finance Act, 1910. The duties are collected by the Inland Revenue Department, which examines the records of the Probate Division, and inspects the original wills deposited in the various probate registries. In the case of specific legacies, the executors value the articles bequeathed, though the Commissioners of Inland Revenue have the right to have them valued on their own behalf. Where an annuity is bequeathed, the executors may calculate

its value by the succession duty tables and pay by four yearly payments, but if the annuitant dies before the four years are out, the duty is payable only on the instalments already accrued. Where the value of the legacy can only be arrived at by the payments made (*e.g.*, a legacy for the maintenance of a horse), it is calculated on those payments. Where legacies are given subject to a contingency, duty is payable, but if the gift is defeated, the duty may in some cases be recovered. A legacy disclaimed, or lapsed, carries no duty. The duty is calculated on the value at the date of payment, so that any additions since the death are subject to the duty.

The duty falls upon the legatee and not upon the estate of the deceased, unless in the case of a will the testator has otherwise expressly directed, and, even then, if the residue is deficient, the legatee must pay. It is a general rule, however, for a testator when bequeathing a legacy of small value to direct that it shall be paid free of legacy duty. The executor, however, is primarily liable to the authorities for the collection of legacy duties, but the ultimate burden falls on the legatee, unless exonerated by the will, and a failure to pay renders the defaulter liable to heavy penalties. As to specific legacies, an executor has the right to recover against the specific legatee any duty paid on his account. (See ESTATE DUTY, EXECUTOR, LEGACY, SUCCESSION DUTY)

**LEGAL DAY.**—The whole of a day, continuing up to the hour of midnight. When a person has entered into a contract to carry out a certain thing by or on a certain day, there is no default until the whole of the day has passed. Thus, if rent is due and payable upon a quarter day, it is not in arrear until the following day, and, therefore, until the following day is reached there is no right of distress (*q.v.*).

**LEGAL ESTATE.**—A person is said to have a legal estate in land when his own personal title to it is complete. Thus, if A is the tenant in fee simple (*q.v.*) of land, he has the legal estate, and can dispose of it practically as he chooses. But if, on the contrary, A enjoys all the rents and profits arising out of an estate but the estate is vested in B as trustee (B's duty being, *inter alia*, to hand over the rents and profits to A), B has the legal estate, whilst A has only the equitable estate (*q.v.*).

**LEGAL MORTGAGE.**—Where a person who has a legal estate conveys the same by deed to a mortgagee, subject to the right of the mortgagor to have the property re-conveyed upon repayment of the loan and interest, the mortgagee has the legal estate (*q.v.*), and the transaction is known as a legal mortgage. If the deeds relating to the property are simply handed over to the mortgagee, with or without a memorandum of charge, it is an equitable mortgage (*q.v.*) which is created. (See MORTGAGE)

**LEGAL QUAY.**—A wharf or quay which is licensed by the Customs' authorities for the landing and storage of bonded goods (*q.v.*).

**LEGAL TENDER.**—This means such money as a creditor is compelled by law to accept in satisfaction of a debt owing to him, and the refusal of which will place him in a wrongful position if an action at law arises and the debtor pays the amount which has been offered into court with a plea of tender. A legal tender requires that the exact amount of the debt shall be offered by the

Legal Tender.

| In England and Wales  | In Scotland.               | In Ireland.  | Isle of Man, Channel Islands. |
|---|----------------------------|--|-------------------------------|
| Gold (sovereigns and half-sovereigns) to any amount   | Same                       | Same.  | Same.                         |
| Silver up to 40s.   | Same                       | Same   | Same.                         |
| Copper up to 1s   | Same                       | Same   | Same                          |
| Bank of England Notes above £5 and up to any amount, except by the Head Office and branches of the Bank of England (3 and 4 Will. IV c 98, Sec 6) | No notes are legal tender. | No notes are legal tender, except Bank of Ireland Notes in payment of Revenue of Ireland (1 and 2 Geo IV c 72) | No notes are legal tender.    |
| Treasury Notes— See remarks below.  |                            |  |                               |

debtor to the creditor, and no change can be demanded.

By the Coinage Act of 1870 the following are declared to be legal tender in the United Kingdom—

- (1) Gold coins up to any amount
- (2) Silver coins up to £2
- (3) Bronze coins up to 1s

"In England and Wales (but not in Ireland or Scotland), Bank of England notes payable to bearer on demand are a legal tender for any sum above £5, so long as the bank continues to pay its notes in legal coin, except at and by the bank itself or its branches. The bank in London is bound, on presentation, to pay the holder of any of its notes in money, its branches are bound to pay in money only such notes as are made specially payable at the branch where the note is presented for payment."

Bank notes are not legal tender in the Isle of Man and the Channel Islands.

It will be noticed that a £5 note is not a legal tender for a debt of £5, though it is quite good as such if used in payment of a debt exceeding that amount. Thus, a debt of £5 0s 1d can be legally discharged by a £5 note and a penny, though the note is of no legal value as a tender if the debt is exactly £5.

There is no legal tender if the gold, silver, or bronze coins offered in payment are defaced by being stamped with any name or names thereon, whether such coins are or are not thereby diminished or lightened.

The gold coinage made at the mints of Sydney, Melbourne, and Perth (Western Australia) was declared legal tender in the United Kingdom by Royal Proclamations in the years 1866, 1869, and 1897 respectively.

Pre-Victorian sovereigns and half-sovereigns are not now legal tender. They were called in by the Coinage Act of 1889.

A tender of country bank notes, if not objected to by the person to whom they are offered, will act as a legal tender.

In the case of country bank notes which are accepted in payment at the time when a sale is made, the person who takes such notes takes them at his own risk; and if he should find that the bank which issued the notes has failed, he must suffer the loss himself. Unless he can prove that

the person from whom the notes were received knew at the time of the sale that the bank had failed, the holder of the notes will not, in an ordinary case, have any remedy against that person. But the position is different when notes are received in settlement of a debt, as the debt will not be considered to have been paid, if the person who takes the notes finds that the bank has failed and he is unable to obtain payment of them. He must, however, present the notes at the bank within a reasonable time and give due notice of their dishonour to the person from whom he received them, otherwise that person will be discharged from liability. And the case is the same where change has been given for a bank note for the purpose of obliging a person.

Scotch notes are not legal tender in Scotland, neither are Irish notes legal tender in Ireland, except Bank of Ireland notes when used in payment of the Revenue of Ireland (1 and 2 Geo. IV. c 72). (See COINAGE.)

When a banker cashes a cheque he does so in such notes or coins as may be desired by the customer, and it is not often that he has to consider in what form a payment should be made in order to constitute a legal tender. Except in the case of the Bank of England, a cheque for £50 may be cashed, in order to be a legal tender, as follows: It may all be in bank notes or in gold (sovereigns or half-sovereigns); or 40 shillings may be in silver (or 39 in silver and one in bronze), £3 in gold, and the remaining £45 either in gold or Bank of England notes.

On the outbreak of the Great War in 1914, the circulation of gold ceased, and the Government issued notes of the value of 20s and 10s. These Treasury notes, as they are called, became the ordinary currency of the country and were constituted legal tender to any amount. For a short period postal orders were also current as legal tender. (See TENDER, TREASURY NOTES.)

**LEGATION.**—The office of foreign diplomatic representatives in a country. They are precisely the same, from a commercial point of view, as embassies, but are, it might be expressed, embassies of the second, or minor, class, in a capital not considered to have such important diplomatic relations as would justify the sending of an ambassador.

**LEMON.**—The acid, oval fruit of the *Citrus Limonum*, originally an Indian shrub, but now

grown in the countries bordering the Mediterranean, which supply the rest of Europe. The characteristic flavour of the lemon is due to the presence of citric acid (*qv*), the salts of which, known as citrates, are much used in medicine. The peel of the lemon produces a volatile oil, called essence of lemon, which is valuable in cooking as a flavouring agent. It is also useful in perfumery, especially in the preparation of eau de Cologne. Lemons are exported in large quantities from Sicily.

**LEMONADE.**—A refreshing drink originally only prepared by pouring hot water over fresh-sliced lemons and adding sugar to taste. Various preparations are now known by this name, e.g., effervescing drinks with a lemon flavour, and syrups of tartaric (or citric) acid and sugar, to which water, either plain or aerated, is added.

**LEMON GRASS.**—Various species of *Andropogon*, a perennial grass with a lemon-like fragrance. It grows in Ceylon, India, and the Straits Settlements. A volatile oil useful to perfumers is extracted from it.

**LENTILS.**—The seeds of a leguminous plant largely grown in Egypt, Syria, and South Europe. They are extremely nutritious owing to the quantity of starch and casein they contain, and are, therefore, valuable in the preparation of food for invalids, such as the *Revalenta Arabica*. The yellow variety is exported from Egypt, while the green variety comes from Germany. In Eastern countries a sort of porridge is prepared from lentils.

**LEOPARD SKINS.**—The spotted skins of carnivora of the tiger family. Great Britain's supplies come from India, and are chiefly used for rugs.

**LEPTA.**—(See FOREIGN MONIES—GREECE.)

**LESSEE.**—The person in whose favour a lease is granted. (See LEASEHOLDS.)

**LESSOR.**—The person who grants a lease. (See LEASEHOLDS.)

**LETTER BOOKS.**—The books into which letters are press-copied for the purposes of record and reference. In order to facilitate reference an index is provided, and the letters themselves are also "cross" indexed, i.e., on each letter is noted the page of the one previous to it and the one subsequent to it to the same party.

Instead of press-copying the letters, the letter forms are often made up in book form, being perforated so that they can be easily torn out, and are interleaved with manifold sheets, the manifold copies taking the place of press copies, and indexed in a similar manner as in the case of a press copy letter book.

The subjects to which the letters refer may also be indexed, and separate books kept for each branch or department.

**LETTER OF ALLOTMENT.**—This is a document made out and forwarded by companies to their shareholders apprising them of the fact that certain specified applications for shares have been considered by the directors, and that some or all of the shares applied for have been allotted in accordance with the terms of the prospectus inviting the application. The "Letter" further specifies that another instalment has become due in consequence of allotment; or if a partial allotment has occurred, a statement showing the amount due at the stage of allotment, less the amount paid on application, or to meet other requirements, as will appear hereafter.

The usual form which is employed for both share and debenture issues is as follows—

THE.....COMPANY, LIMITED.

| Stamp | Issue of 50,000 Preference Shares of £1 each. | No. |
|-------|---|-----|
| 1d    |   |     |
| or    |   |     |
| 6d    | ALLOTMENT LETTER.                             |     |

Sir or Madam,—

In response to your application, I am directed to inform you that the directors of this Company have allotted to you ..... Preference Shares of £1 each in this Company on the terms and conditions given in the Prospectus under date the ..... 19..

I am instructed to ask you to pay to the Company's bankers, Messrs ..... of ..... on or before the ..... 19.., the sum of £ : : , which is made up as follows—

Amount due on allotment,  
with deposit on application .. .. £ : :  
Less amount received on deposit .. .. £ : :

To ..... £ : :

RECEIPT.

THE.....COMPANY, LIMITED

Receipt for allotment money paid on Preference Shares, making s. d per share No. paid up.

Received of ..... the sum ..... pounds, ..... shillings, ..... pence, being the amount due on allotment of ..... Preference Shares of £1 each in the above Company.

For the ..... Bank, Ltd.

Cashier.

£ : :

.....19..

Below the receipt and divided by a perforation appears the following—

To Messrs..... & Co.,

Bankers of.....

Please receive ..... for the sum of £ : : in payment of allotment money due hereunder.

Signed.....

The latter portion is filled in and signed by the shareholder, whilst the banker tears off this slip as a voucher to be handed to the company; the allotment letter, with the receipt portion at the foot of it intact, he completes and returns to the shareholder.

The reference number appearing on the letter, the receipt and voucher will be in triplicate for the purposes of identification.

At the bottom of the form, below the bank's voucher portion, it is customary to state that the

[FACSIMILE OF LETTER OF HYPOTHECATION]

June 3rd 19..

To the Directors of

The Lancashire Bank, Limited,

London, E.C.

Gentlemen,

We have negotiated through your London Office 30 days' sight Bill drawn by ourselves on Messrs. Dyer & Co., Bombay, for £600 and, as security, have delivered with the said Bill, shipping documents for the following goods:—

Invoice for 10 bales prints valued at £600

Policy of Insurance All Risks or for £700 payable in Bombay  
F. P. A.

Bill of Lading for 10 bales prints marked C. & Co., Bombay, 1,10

S.S. "City of London"

From Birkhead to Bombay

The Freight on which, amounting to £ 6-5-0 is paid by ourselves

These documents are to be given up on payment of the Bill.

If the said Bill should suffer dishonour, we hereby authorise you to cause the said goods to be sold, such sale being for our account, at our risk, and subject to the usual charges for commission, and all incidental expenses.

We are, Gentlemen,

Yours faithfully,

J. Simnett & Co.



entire document should be forwarded to the company's bankers intact, accompanied by the remittance; and that the letter and receipt, after reaching the shareholder, should be retained by him to be exchanged in due course with the receipts for other instalments for the above certificate when ready.

Some variation in the wording of the form as described is necessary where large applications have been received and the allotments made amount to only a fraction of the shares applied for. The most common form is the one given where a sum is demanded to complete the amount due on allotment, this would apply to those cases where either the full shares applied for have been allotted, or where only a partial allotment has been secured, but the deposit money is, nevertheless, insufficient to cover the instalments of application and allotment combined. The second cause for varying the form is to meet those instances when the allotment is so small as to leave an amount over out of the deposit money. In such cases the allotment letter combines within itself something of the nature of a "Letter of Regret", whilst the form at the foot will be a warrant to the bankers to pay the holder the sum due to the shareholder for the excess of deposit over application and allotment instalments, a similar warrant as used in the case of a "Letter of Regret" (*q.v.*) will suffice. The third instance is where the allotment made exactly balances the amount paid on deposit, or if only sufficient shares have been allotted, such as will just absorb the amount paid on application. Briefly put, the three classes of "allotment letter" may be stated thus: (a) When a balance is due to the company; (b) when a balance is due to the shareholder, (c) when the deposit money is equal to the amount due at the stage of allotment.

**Letter of Allotment to Vendors, etc.** This is a form of allotment letter which essentially differs in form from that employed in the ordinary course of allotment, where shares are applied for in the ordinary manner, *i.e.*, in response to an offer contained in a prospectus. Allotments of shares made to a vendor are contracted for as a part of the consideration or purchase price of the business, or for services rendered in connection with the promotion. In any case, allotments of shares so made must be supported by contracts showing that valuable consideration passes. The form of such a letter must embrace the following points—

- (1) Mention the resolution passed by the Board dealing with the allotment.
- (2) State that the shares are fully paid up, or to what extent they are paid up, and if calls will become due upon the shares, an intimation should be made that the allottee becomes liable for such calls in the same manner as other holders of the same class of share or shares.
- (3) The distinctive number of shares are to be stated.
- (4) The date of filing the contract at Somerset House covering the issue of the shares.
- (5) Giving a date when the letter may be exchanged for a share certificate.
- (6) Asking for an acknowledgment signifying acceptance of the shares.

**Stamp Duties.** All letters of allotment are liable to stamp duty. (See ALLOTMENT OF SHARES.)

**LETTER OF ATTORNEY.**—(See POWER OF ATTORNEY.)

**LETTER OF CHARGE.**—Where bearer securities are taken by a banker as cover for an advance made by him to a customer, it is usual for a letter of charge or memorandum of deposit to be given to show the purpose for which the securities have been deposited. Certificates are sometimes lodged, along with a simple letter or a memorandum of deposit, but such a document does not give the banker a good security. (See TRANSFER OF SHARES.)

A letter of charge for bearer securities or certificates is subject to a stamp duty of 6d., irrespective of the amount. The stamp may be either adhesive or impressed. (See MEMORANDUM OF DEPOSIT.)

**LETTER OF CREDIT.**—This is a document or order given by a banker or other person, in one place, authorising some other banker or person to whom it is addressed, in another place, to pay to a specified person a certain sum of money and to charge the amount to the grantor of the letter of credit. In the case of bankers, it may take the form of authorising the banker to whom it is addressed to honour all drafts drawn according to the terms of the credit, and for which the issuing banker will hold himself responsible. The letter of credit should be very particular in its form, and should state accurately the time during which it is to remain in force.

The above is generally known as an "open" or "clean" letter of credit. There is also what is known as a documentary letter of credit, which authorises the drawing of bills upon the grantor, and undertakes to honour them if certain documents of title to goods named are sent to the grantor.

Where a banker is authorised to pay money under a letter of credit, especially when it is a question of drawing cheques, the paying banker should be supplied with a specimen of the signature of the person who is entitled to draw the money as a precaution against forgery. It is unnecessary to lay stress upon the importance of seeing that all the terms of the letter of credit are strictly observed.

Where a letter of credit is shown to a merchant abroad who is selling goods to the holder of the letter, it has the effect of satisfying the merchant that the bill will be duly accepted by the banker issuing the letter. The essence of a letter of credit is, "that the person taking bills on the faith of it is to have the absolute benefit of the undertaking in the letter, and to have it in order to obtain the acceptance of the bills which are negotiable instruments payable according to their tenor, and without reference to any collateral or cross claims."

A letter of credit is not a negotiable instrument, as it is generally too vague in its character, and, therefore, payment can only be legally demanded by the person who is named in it.

For the purpose of stamp duty, a letter of credit is treated as a bill of exchange, but a letter of credit granted in the United Kingdom, authorising drafts to be drawn out of the United Kingdom payable in the United Kingdom is exempt from duty. (See CIRCULAR LETTER OF CREDIT, CIRCULAR NOTES.)

**LETTER OF HYPOTHECATION.**—This is a document signed by a debtor giving a banker or other creditor a charge upon goods which belong to the debtor, whilst the goods are remaining in the custody of a third party. The letter should, in the ordinary course of things, give the banker or other creditor the right to sell the goods in default



of payment of the debt. The letter of hypothecation should be registered as a bill of sale (*qv*).

**LETTER OF INDEMNITY.**—This is a form of a letter usually drawn up in the manner shown below, and used by companies when shareholders have lost share certificates, application receipts, allotment letters, call notices, dividend warrants, or any such documents connected with shares or debentures. None of these documents or duplicates of them should be issued to shareholders unless a letter of indemnity has been obtained and completed in the manner shown in this column. It will be seen that the "Letter" amounts to an agreement which requires a 6d. stamp to complete it; and, further, it must be attested by a witness, who should be a householder. Some of the companies not only insist upon this letter of indemnity, but also require a statutory declaration to be made before a Commissioner for Oaths; and, further, they may require some person of established repute to stand as surety to the declarator.

A complete form of this statutory declaration and surety is given below the letter of indemnity. The statutory declaration and surety would probably be used only in cases where directors had reason to suspect the *bond fides* of the person requiring duplicates or certificates in exchange for receipts or allotment letters which had been lost.

The statutory declaration will require an impressed stamp of 2s. 6d., whilst the surety attached to it requires an impressed stamp for 6d. in addition.

As a general rule, no provision will be found for these matters in articles of association; the precaution of getting letters of indemnity or a statutory declaration as to lost documents is entirely a case of prudence on behalf of those responsible. Regard must, however, be had to the articles of association in force, and care must be observed that, should any provisions in this connection exist, they are followed to the letter.

(SPECIMEN OF LETTER OF INDEMNITY.)

To the Directors,  
The ..... Company, Limited,

Dear Sirs,

My Letter of Allotment No. .... for ..... Cumulative Preference Shares numbered ..... to ..... inclusive in your Company, having been lost or mislaid, I hereby undertake, in consideration of your handing me the Certificate for the said shares to indemnify you and save you harmless against any loss or detriment which you may suffer by reason of your so doing, and I hereby declare that I have not knowingly parted with the allotment letter in question; and should the same hereafter come into my possession, I undertake to deliver it up to you.

Yours faithfully,

Signature.....

Witness to the signature  
of the above-named,

Name.....

Address.....

Occupation.....

(SPECIMEN STATUTORY DECLARATION AS TO  
LOST CERTIFICATE AND SURETY.)

I, ..... of ..... do hereby solemnly and sincerely declare that my certificate, No. ...., for ..... Cumulative Preferred Shares, numbered ..... to ..... inclusive, in The ..... Company, Ltd., has been lost, mislaid, or accidentally destroyed, and that I have fully searched for, but have been unable to find the same. And I hereby request the said Company to issue a new Certificate in my name. I further declare that I have not in any way knowingly parted with the said certificate numbered.....

I make this declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1835.

Signature.....

Sworn before me at

this ..... day of ....., 19...

A Commissioner for Oaths.

(SURETY.)

To the Directors of

The ..... Company, Limited,

In consideration of your issuing to ..... a new certificate for ..... Cumulative Preferred Shares, we hereby undertake to save you harmless from any loss or detriment which you may suffer by reason of your so doing

of .....

Witness to the signature

of .....

Signature.....

Address.....

Occupation.....

**LETTER OF INDICATION.**—When a circular note (*qv*) or a circular letter of credit (*qv*) is issued by a banker, it is accompanied by a letter of indication, or, to use its common name, a *lettre d'indication*. The banker, first of all, signs the document, and then the person to whom it is given appends his signature, as soon as he has received it. The banker or agent to whom any circular note or letter of credit is presented should demand to see the letter of indication, so that he may be satisfied as to the identity of the payee, by comparing his signature. It will be seen in the specimen letter on page 957 that the numbers of the notes, if more than one, are given. For the sake of safety, the letter of indication should not be carried about except apart from the notes, so that if the latter are lost a finder may not make use of them, being unaware of the person to whom they are made payable. Again, the notes should never be indorsed except in the presence of the paying banker. For if they are indorsed and the payee loses both the notes and the letter of indication, a person who is not entitled may succeed in obtaining payment, and, of course, no question of forgery could arise. Unless the dishonest person was traced, the loser would have no possible remedy.

entire document should be forwarded to the company's bankers intact, accompanied by the remittance; and that the letter and receipt, after reaching the shareholder, should be retained by him to be exchanged in due course with the receipts for other instalments for the above certificate when ready.

Some variation in the wording of the form as described is necessary where large applications have been received and the allotments made amount to only a fraction of the shares applied for. The most common form is the one given where a sum is demanded to complete the amount due on allotment, this would apply to those cases where either the full shares applied for have been allotted, or where only a partial allotment has been secured, but the deposit money is, nevertheless, insufficient to cover the instalments of application and allotment combined. The second cause for varying the form is to meet those instances when the allotment is so small as to leave an amount over out of the deposit money. In such cases the allotment letter combines within itself something of the nature of a "Letter of Regret", whilst the form at the foot will be a warrant to the bankers to pay the holder the sum due to the shareholder for the excess of deposit over application and allotment instalments, a similar warrant as used in the case of a "Letter of Regret" (*q.v.*) will suffice. The third instance is where the allotment made exactly balances the amount paid on deposit, or if only sufficient shares have been allotted, such as will just absorb the amount paid on application. Briefly put, the three classes of "allotment letter" may be stated thus: (a) When a balance is due to the company; (b) when a balance is due to the shareholder, (c) when the deposit money is equal to the amount due at the stage of allotment.

**Letter of Allotment to Vendors, etc.** This is a form of allotment letter which essentially differs in form from that employed in the ordinary course of allotment, where shares are applied for in the ordinary manner, *i.e.*, in response to an offer contained in a prospectus. Allotments of shares made to a vendor are contracted for as a part of the consideration or purchase price of the business, or for services rendered in connection with the promotion. In any case, allotments of shares so made must be supported by contracts showing that valuable consideration passes. The form of such a letter must embrace the following points—

- (1) Mention the resolution passed by the Board dealing with the allotment.
- (2) State that the shares are fully paid up, or to what extent they are paid up, and if calls will become due upon the shares, an intimation should be made that the allottee becomes liable for such calls in the same manner as other holders of the same class of share or shares.
- (3) The distinctive number of shares are to be stated.
- (4) The date of filing the contract at Somerset House covering the issue of the shares.
- (5) Giving a date when the letter may be exchanged for a share certificate.
- (6) Asking for an acknowledgment signifying acceptance of the shares.

**Stamp Duties.** All letters of allotment are liable to stamp duty. (See ALLOTMENT OF SHARES.)

**LETTER OF ATTORNEY.**—(See POWER OF ATTORNEY.)

**LETTER OF CHARGE.**—Where bearer securities are taken by a banker as cover for an advance made by him to a customer, it is usual for a letter of charge or memorandum of deposit to be given to show the purpose for which the securities have been deposited. Certificates are sometimes lodged, along with a simple letter or a memorandum of deposit, but such a document does not give the banker a good security. (See TRANSFER OF SHARES.)

A letter of charge for bearer securities or certificates is subject to a stamp duty of 6d., irrespective of the amount. The stamp may be either adhesive or impressed. (See MEMORANDUM OF DEPOSIT.)

**LETTER OF CREDIT.**—This is a document or order given by a banker or other person, in one place, authorising some other banker or person to whom it is addressed, in another place, to pay to a specified person a certain sum of money and to charge the amount to the grantor of the letter of credit. In the case of bankers, it may take the form of authorising the banker to whom it is addressed to honour all drafts drawn according to the terms of the credit, and for which the issuing banker will hold himself responsible. The letter of credit should be very particular in its form, and should state accurately the time during which it is to remain in force.

The above is generally known as an "open" or "clean" letter of credit. There is also what is known as a documentary letter of credit, which authorises the drawing of bills upon the grantor, and undertakes to honour them if certain documents of title to goods named are sent to the grantor.

Where a banker is authorised to pay money under a letter of credit, especially when it is a question of drawing cheques, the paying banker should be supplied with a specimen of the signature of the person who is entitled to draw the money as a precaution against forgery. It is unnecessary to lay stress upon the importance of seeing that all the terms of the letter of credit are strictly observed.

Where a letter of credit is shown to a merchant abroad who is selling goods to the holder of the letter, it has the effect of satisfying the merchant that the bill will be duly accepted by the banker issuing the letter. The essence of a letter of credit is, "that the person taking bills on the faith of it is to have the absolute benefit of the undertaking in the letter, and to have it in order to obtain the acceptance of the bills which are negotiable instruments payable according to their tenor, and without reference to any collateral or cross claims."

A letter of credit is not a negotiable instrument, as it is generally too vague in its character, and, therefore, payment can only be legally demanded by the person who is named in it.

For the purpose of stamp duty, a letter of credit is treated as a bill of exchange, but a letter of credit granted in the United Kingdom, authorising drafts to be drawn out of the United Kingdom payable in the United Kingdom is exempt from duty. (See CIRCULAR LETTER OF CREDIT, CIRCULAR NOTES.)

**LETTER OF HYPOTHECATION.**—This is a document signed by a debtor giving a banker or other creditor a charge upon goods which belong to the debtor, whilst the goods are remaining in the custody of a third party. The letter should, in the ordinary course of things, give the banker or other creditor the right to sell the goods in default

cent. reckoned from the expiration of the said forty-eight days. Any individual director may, however, lodge a disclaimer if it can be proved satisfactorily that he was in no way responsible for the negligence or was in no way guilty of misconduct.

**LETTER OF RENUNCIATION.**—This represents an undertaking by an individual who, by the regulations of the company in which he is a shareholder possesses the right to an allotment of shares in a new issue, such allotment being based upon his present holding. These stipulations are sometimes framed as a part of the company's articles of association; a clause is included, providing that new issues to the public can only be made on condition that shareholders of the class being dealt with have a prior right to allotment; and that if they wish to renounce that right, it must be done upon specified and regular forms. It is not always incumbent upon the shareholder to name an allottee for the shares he thus renounces, but in most cases where such a practice would be resorted to, the shares would in all probability be above par value, and, therefore, in demand; the shareholder being, consequently, put to no great pains to find a substitute should he find himself unable to take up the shares. The following is the form usually adopted—

THE.....COMPANY, LTD

To.....19....  
of.....

Dear Sir,

*Re New Issue of Preference Capital.*

By a Special Resolution passed at an Extraordinary Meeting of the Company on..... day of..... you become entitled as the holder of..... shares in this Company, to an allotment of the new issue, being in the ratio of 1 share to every five at present held. The said shares will be allotted at a premium of 2s 6d per share to be paid for in full if you agree to accept the same. Unless I hear from you to the contrary, the above-named shares will be allotted to you on the..... day of..... 19..

Should you, however, desire to renounce your right to this allotment, and wish to nominate another person for such allotment, I shall be glad if you will kindly fill in and sign the Letter of Renunciation attached hereto, and forward it to this office on or before the..... day of..... 19..

I am,

Yours faithfully,

..... Secretary.

LETTER OF RENUNCIATION

6d.

To the Directors  
of the..... Company, Limited

impressed  
stamp.

Gentlemen,

Being entitled to an allotment at a premium of 2s. 6d. per share on..... Preference Shares of £1 each in your Company, I hereby renounce such right, and request you to allot the said shares to

(Full Name).....

(Address).....

(Shareholder's Signature).....

(Date).....

To The Directors,

The..... Company, Limited.

Gentlemen,

In accordance with the above letter, I hereby agree to accept the above-named..... Preference Shares of £1 each at a premium of 2s 6d. per share, and to pay for same in full as and when allotted. I further desire my name to be entered in the Register of Members in respect of these shares.

(Shareholder's Signature).....

(Address).....

(Description or Occupation).....

(Date).....

From the context of the above form, it will be a simple matter for the recipient of the company's communication to decide which of the two forms he is to fill in. It is important, however, to note that if the communication is ignored beyond the specified time, the directors have power to allot the shares and the shareholder has no power to void the allotment.

**LETTERS.**—There is no form of communication in commerce which is so important as the letter. It is true that a great many transactions are conducted by word of mouth, by telephone, and by telegram, but in almost every case the letter is used finally to confirm the transaction and to place it on record. It follows, then, that letters play a part of no mean importance in commercial life, and the art of writing a clear, concise, and business-like letter is an accomplishment which every business man should strive to attain.

Of course, all letters are not business letters; but it is with this class of correspondence that we desire specially to deal. Letters may be classified as follows—

1. Private or Personal Letters.
2. Official Letters.
3. Business Letters.

There is a freedom of language about the private letter—a light and personal touch which would be quite out of place in the business and the official letter. The two latter must not be in any way personal, nor must they contain anything in the nature of redundancy or ornament. Their tenor is more sedate, their language of the clearest and most easily intelligible, with no obscured meanings, and not open to misinterpretation.

Briefly stated, the essentials of a good business letter are as follows—

**Legibility and Neatness.** A letter which is not legible is of little use to the recipient, and an absence of neatness creates, as a rule, a bad impression of the writer. First impressions are generally important, not only in business, but in all walks of life. An untidy letter, cheap note-paper, bad composition, and faulty grammar militate against the writer to an inconceivable degree. One who receives such a letter is apt to form an unfavourable opinion of the writer at once, and is naturally inclined to judge the quality of his goods by the quality of his correspondence. Probably three-fourths of the letters applying for situations find their way into the waste-paper basket for this very reason. Nor is it to be wondered at, for the letter of application is the only point of contact between the advertiser and the applicant, and the latter must be judged on the evidence of neatness and accuracy displayed in his letter. On the other hand, a neat, clearly written, and well arranged

[FACSIMILE OF BOND GIVEN FOR THE ADMINISTRATION OF THE ESTATE OF A DECEASED PERSON]

KNOW ALL MEN by these presents that as *Anne Barker* of *Clough Hall Westover* in the County of *Blankshire* widow *Charles Dixon* of *Hill House Westover* in the County of *Blankshire* aforesaid banker and *Ernest Founts* of *35 Market Square Templeton* in the County of *Whiteshire* jeweller are jointly and severally bound unto *the Right Honourable Lord Sturdile the President of the Probate Divorce and Admiralty Division of His Majesty's High Court of Justice* in the sum of £5,000 of good and lawful money of Great Britain to be paid to the said *Sir Samuel Thomas Evans* or to the President of the said Division for the time being for which payment well and truly to be made we bind ourselves and each of us for the while our heirs executors and administrators jointly by these presents.

Scaled with our seals

Dated the 15th day of June 19

THE CONDITION of this obligation is such that if the above-named *Anne Barker*, the lawful widow and relict of *Benjamin Barker* of *Clough Hall Westover* deceased who died on the 1st day of March 19 and the intended administratrix of all the estate which by law devolves to and vests in the personal representative of the said deceased do when lawfully called on in that behalf make or cause to be made a true and perfect inventory of the said estate which has or shall come into her hands possession or knowledge or into the hands and possession of any other person for her and the same so made do exhibit or cause to be exhibited into the district probate registry of His Majesty's High Court of Justice at *Weston-in-the-Wold* whenever required by law so to do.

AND the said estate do well and truly administer according to law:

AND further do make or cause to be made a just and true account of her said administration whenever required by law so to do.

AND if it shall hereafter appear that any last will and testament was made by the said deceased :

AND the executor or executors or other persons therein named do exhibit the same into the said division of the said court making request to have it allowed and approved accordingly if the said intended administratrix being thereunto required do render and deliver the letters of administration (approbation of such testament being first had and made) unto the said court then the obligation to be void and of none effect or else to remain in full force and virtue.

(Signed) ANNE BARKER

L.S.

(Signed) CHARLES DIXON

L.S.

SIGNED sealed and delivered by the within-  
named *Anne Barker Charles Dixon and Ernest*  
*Founts* in, the presence of

(Signed) ERNEST FOUNTS

L.S.

GEORGE HIRST A commissioner for oaths.

letter is in itself a recommendation both of a person and of his wares.

**Accuracy as to Facts.** When one considers how often a letter is in the nature of a contract, or contains matter of a binding nature, one sees that strict accuracy as to facts and figures is an important essential. Quotations and prices, promises of delivery within a specified time, guarantees, etc., should be carefully checked by a responsible official before the despatch of a letter. Neglect of this duty is dangerous, not only to the reputation of a business, but often financially. A mistake of an eighth of a penny per yard is a trifle on one yard, but when thousands of yards are quoted for or ordered, the result of the error is a serious matter.

**Force of Argument.** It is becoming more and more the custom in business to solicit orders by means of circular letters. These are very often duplicated on a machine (see **DUPLICATING**) which prints in such a manner that the difference between an individual letter and a duplicate is difficult to detect, especially when the name is filled in on the typewriter with a ribbon matching exactly the colour of the body of the letter. Thousands of these letters are often sent out at once, and it is essential, if they are to fulfil their object, that they should be forceful, telling, and impressive. The art of writing a telling business-getting letter is a valuable acquisition, and is worth much study and practice to attain. A point to guard against is the liability to make the letter too long. The argument should be brief, sharp, and clear, and the use of short sentences will be found to attain this object best. The writer should come to the point of his letter at the earliest moment, without wasting time on a lengthy introduction. He should also follow this rule in closing, so that practically the whole of the letter may be taken up with his argument or offer.

**Brevity.** This is a desirable quality in a business letter, which should not, however, be brief at the expense of being lucid and complete, nor should the brevity amount to curtness. A compact style of writing is best suited to commercial letters, each sentence being concise, free from ornament, and easily intelligible.

**Clearness.** Clearness will be best attained by avoiding long sentences, which have a tendency to become involved and lead to a misapprehension of the writer's real meaning. There should be no attempt to display any literary polish in commercial letters. The language chosen should be simple, and should be set down in a natural, unstilted style. This is the best means of avoiding ambiguity. Different subjects should be kept quite distinct by occupying separate paragraphs.

In writing official and business letters, uniformity of setting out the same should be observed for various reasons. The following is the most approved method of setting out a business letter.

(1) **Address of Writer.** This occupies a position at right-hand side of the note-paper heading, and is followed by

(2) **The Date.** The name of the month should be written and not indicated by a number.

(3) **The Addressee.** The name and address of the person to whom the letter is written should occupy a position at the left-hand side of the note-paper, commencing about an inch from the edge.

(4) **The Salutation** now follows, and may take the form of *Mr.* or *Sirs* (used in official letters), *Dear Sir* or *Dear Sirs*, or *Gentlemen*, as is most

appropriate to the letter. This should be placed under the addressee's name at the same distance from the edge of the paper.

(5) **The Body of the Letter** or the contents proper now follow, and is commenced under the last letter of the salutation. This must be divided up into paragraphs where necessary, and each paragraph must commence about two inches from the edge of the paper.

(6) **The Subscription** (*Yours truly*, *Yours faithfully*, etc.) is commenced about the middle of the line under the body of the letter, and should, of course, be in keeping with the salutation. If the latter is plural, so will the subscription be plural.

(7) **The Signature**, unless written by the principal of the business, must always be followed by the name or initials of the person signing. When signing for a limited company, a signature or initial must in all cases follow, *e.g.*—

WM. JONES & Co.,  
per H. E.

per pro. THE CARLTON MFG. CO., LTD  
JAS. WATSON,  
Secretary

The only point in which the official letter and the private letter differ from the above in form is in the location of the addressee's name. In these two classes of letter it is placed at the foot of the communication on the left-hand side.

Official letters, *e.g.* from the Post Office, the Inland Revenue, Board of Trade, etc., were formerly written on note-paper of foolscap size ( $13\frac{1}{2}$  in  $\times$   $8\frac{1}{2}$  in). Folded quarto (*q.*, octavo) size or smaller is generally used for private correspondence, while the following three sizes are in general use for business purposes: Quarto ( $8\frac{1}{2}$  in  $\times$   $10\frac{1}{2}$  in), 6mo ( $7$  in  $\times$   $8\frac{1}{2}$  in), octavo ( $5\frac{1}{2}$  in  $\times$   $8\frac{1}{2}$  in), the last two sizes being used for short letters and memoranda respectively. Memoranda are written when the matter is not of sufficient importance to warrant a formal letter being sent, the salutation and the subscription being omitted.

**LETTERS OF ADMINISTRATION.**—These are granted by the Probate Division committing to an administrator the goods and effects of a person who either died intestate, or did not appoint executors by his will, or whose executors did not survive the testator, or have refused to act. Administration may be granted for general, special, or limited purposes. An administrator obtains his title from the court, and so cannot, in general, act before he has been granted the letters, and if he does so he acts at his own risk. Administration is generally, but not always, granted to the next-of-kin of the deceased on his taking an oath, so worded as to clear off all persons having a prior right to the grant, showing on the face of it how the prior interests have been cleared off, and also setting forth, when the fact is so, that the party applying is the only next-of-kin, or one of the next-of-kin of the deceased, etc., as the case may be. A husband has the right to be his wife's administrator. A widow is generally preferred to the next-of-kin, but the court exercises its own discretion as to the next-of-kin. The right to be administrator follows the same lines as the right to personal property under the Statutes of Distributions, *e.g.*, children and their lineal descendants come first, if there are no children, then the deceased's parents, next his brothers and sisters, and after them grandparents, and so on. There is a preference for the whole blood over the half. If

there are more than one member of the same degree, one or more may be selected, a son being generally preferred to a daughter, and an elder to a younger brother. A sole administrator is preferred by the court to a joint. If none of the relatives will take out administration, a creditor may do so, but he must cite the next-of-kin, and must enter into a bond for a rateable division among the creditors. The administrator must give a bond with one or more sureties to ensure the due collection and administration of the estate. The penalty on the bond is double the amount under which the deceased's estate is sworn. If the condition of the bond is broken, the bond may be assigned by the judge of the division to a third person, who may bring an action on it. It should be noted that where an executor dies after appointing executors of his own will, such executors become executors of the original estate, but where an administrator dies his executor or administrator has no right to carry on the administration of the original estate. Administration may be of a limited nature, as to either time or purpose, *e.g.*, administration *durante minore ætate*, where the executor appointed is a minor; *durante absentia*, where the executor is out of England at the time of the death; *cum testamento annexo*, where the executors have died before the testator, or have renounced office; *pendente lite*, pending any suit as to the validity of a will or the right to administration, in order that there may be somebody to take care of the testator's estate; or *de bonis non*, where the first administrator dies before he has fully administered the estate. An ancillary administration is granted for collecting the assets of foreigners (See ADMINISTRATION, ADMINISTRATORS, EXECUTORS, TESTACY.)

**LETTERS OF NATURALISATION.**—(See NATURALISATION.)

**LETTERS PATENT.**—Constitutional law provides various methods by means of which the wishes or commands of the Crown in executive matters are made known to the nation at large or to the individuals more particularly concerned. One of the chief of these methods is by letters patent under the Great Seal of the United Kingdom. This is so-called because the document is of an open or public nature, as distinguished from the more private directions conveyed to a particular person for a specific purpose in Letters Close, which are closed up and sealed on the outside. Letters patent are used for conferring titles or honours, privileges and rights in connection with property, *e.g.*, patent rights (*qv.*), and for appointments to important public offices, and so forth.

**LETTER WOOD.**—The beautiful, mottled wood obtained from the *Brosimum Aubletii*, a tree found in British Guiana and Trinidad. It is used for veneering, for inlaying work, and for making cabinets. It is rather rare and therefore valuable. It is sometimes known as leopard wood.

**LETTUCE.**—An Eastern plant introduced into England in the earlier half of the sixteenth century. The leaves form a popular salad. The two chief varieties are the cos lettuce with upright, oblong, leaves, and the small, round cabbage lettuce, so-called from its cabbage-like growth.

**LEVA.**—(See FOREIGN MONIES—BULGARIA.)

**LEX MERCATORIA.**—(See COMMERCIAL LAW.)

**LEY, LEL.**—(See FOREIGN MONIES—ROMANIA.)

**LIABILITIES, STATEMENT OF, IN BALANCE SHEETS.**—It is convenient to divide the various classes of liabilities into three or four distinct

headings; the most important are capital liabilities in two or more forms in the case of companies. The first form will be a liability under the heading of Paid-up Share Capital; the second will be liabilities either in the form of undistributed profits or in the form of reserve accounts; then liabilities to shareholders, under the profit and loss account itself, respecting profits available for distribution. In the case of a single proprietor, the most important item on the list of liabilities will be the capital account of the proprietor himself, in which will, of course, be embodied the result of trading in the business from time to time. The capital liabilities of partners will be treated similarly except that separate capital accounts will be shown for each partner.

The second class of liabilities will be mainly found in accounts of companies as debts due to debenture holders, mortgages, or for loans. The third class will be liabilities due to sundry trade creditors, but special mention must be made of debts due for which bills payable have been given. A fourth class of liability may be mentioned, but these mainly concern banking or insurance companies, where special treatment is necessary with regard to showing accounts with depositors in bulk, in the first instance; and claims admitted but unpaid in the case of insurance businesses. It will, therefore, be convenient to deal with the various classes of liabilities under these several headings.

**Capital Liabilities, Companies'.** It is necessary that all companies, in setting out their liabilities in the balance sheet, should first state the amount of the authorised capital; the total of this item would however, not be extended into the main column, to be added into the other items, the amount to be thus added in will be the amount of share capital actually paid up, less any amounts due for calls unpaid or for shares which have been forfeited. Thus—

|  |                |
|--|----------------|
| Authorised Capital: 100,000 shares           |                |
| at £1 .. ..                                  | £100,000       |
| Issued Capital Account—                      |                |
| 80,000 shares of £1 each, 15s. paid-up .. .. | £60,000        |
| Less Calls unpaid ..                         | £200           |
| Less Shares forfeited ..                     | 50             |
|  | 250            |
|  | <u>£59,750</u> |

In such a statement particulars must be given of share capital which will divulge the amount of authorised capital for each class of share, the amount of capital called up on each class; but it is not necessary to state any information as to the class of shares upon which calls are unpaid.

**Capital Accounts, Partnerships, etc.** In both cases the capital liabilities of the business will be the amount of the assets, less the other liabilities, and must be shown in such a way as will accord with the provisions contained in the partnership agreement; or if the business is owned by a single proprietor, the balance of capital account at the last audit, less drawings plus profits for the period intervening. Partners' accounts will be treated severally on the same basis as follows—

|                           | £      | £      |
|---------------------------|--------|--------|
| "A's" capital account,    |        |        |
| January 1st .. ..         | 10,000 |        |
| Less drawings .. ..       | 1,000  |        |
|                           | 9,000  |        |
| Add profits to date .. .. | 2,000  | 11,000 |
|                           | —      |        |
| "B's" capital account,    |        |        |
| January 1st .. ..         | 8,000  |        |
| Less drawings .. ..       | 700    |        |
|                           | 7,300  |        |
| Add profits .. ..         | 1,700  | 9,000  |
|                           | —      |        |

**Debenture Liabilities, Loans, etc.** In all cases, the debts contracted under this head must contain full information as to the precise nature of the liability; thus, in a company a debenture statement should be made as to the rate of interest where the debentures are mortgage debentures or belong to any series having priority over others, and if designated by any particular class, such as A or B; further, it is necessary to state immediately below the amount of the debt due on bonds any accrued interest which may be unpaid at the time of making up the balance sheet.

**Suspended Liabilities.** Any sums which have been set aside for a specific purpose, such as a special reserve to provide for possible loss on investments reserved for depreciation. Funds reserved for qualifying dividends or the like should be fully described, in order to indicate their precise nature and the intention for which they have been set aside.

**Trade Creditors, Depositors, and Insurance Claims.** If these should be specifically stated on the balance sheets dealing with them. In the case of industrial or commercial concerns, trade creditors should be separately stated as distinguished from other debts for which bills have been given. Current and depositors' accounts with banks should be separately stated, and should not contain any deductions which have been made for overdrafts. In the former, these being shown on the other side of the balance sheet. With regard to insurance liabilities, these should not only include the actual claims agreed upon to be paid, but any direct expenses arising from the settling of those claims.

**Profit and Loss.** This will represent a surplus from revenue available for distribution as profit to the shareholders; the item does not exist in a separate form in the balance sheets of private undertakings. Where profit and loss is added to or deducted from the several accounts of the partners or the owner, his account is always shown in the following manner—

|   | £     | £      | £     |
|---|-------|--------|-------|
| Balance brought forward from previous year .. ..                          |       | 2,000  |       |
| Add balance from Profit and Loss Account, being profit for the year .. .. |       | 8,000  |       |
|   |       | 10,000 |       |
| Less carried to reserve .. ..   | 2,000 |        |       |
| Less interest dividend .. ..  | 1,500 | 3,500  |       |
|   |       | —      | 6,500 |

**Dividends.** Liabilities frequently exist in the form of unclaimed dividends, where shareholders have failed to present their dividend warrants for payment; in such a case it is always necessary to state this separately upon the balance sheet. Where shares are subject to cumulative dividends, and it has been impossible to pay them at due date, if any dividends remain in arrear, a note should be made to this effect below the statement dealing with the share capital issued, as this is a contingent liability in regard to the claims of the preference shareholders.

**LIBEL.**—(See **DIFFAMATION**)

**LIBERIA.**—Liberia is a negro republic on the coast of West Africa. It lies to the south-east of Sierra Leone, the coast extending from the borders of that colony to the river Cavally, just where the north coast of the Gulf of Guinea begins, a distance of 350 miles. It is bounded on the north and east by French territory. The boundaries on the north-east are not defined, but the country has a width of about 150 miles, and since the re-adjustment of the boundary on the French frontier an area of 40,000 square miles. The population is estimated at about two millions.

**History.** The state originated in the endeavour to repatriate in Africa the negroes of North America. The re-settlement began in 1822, and the Republic was instituted in 1847 on lines similar to that of the United States, one difference being that no white man can become a citizen. Of the total population, however, only about 12,000 are American negroes, whose control does not extend to the interior, the remainder being for the most part Krumen under powerful independent chiefs.

**Products.** The unhealthy coast strip is here much narrower than in other parts of West Africa. Inland the country rises in terraces which break the rivers into falls, and is thickly wooded, the forests containing many trees of economic value. The soil is productive, but cultivation is neglected. Cocoa and cotton are produced in small quantities, and indigenous coffee is the staple product. Other products are palm kernels and oil, rubber and ivory. Gold, tin, copper, zinc and other metals, lignite and diamonds are known to exist, but are practically untouched. Ox waggons are used on the rough tracks of the country, there being only twenty miles of good roads.

The principal exports are rubber, palm oil and kernels, piassava fibre, and coffee. The principal imports are cotton, iron work and wood-ware from Britain, clothing and hardware from Germany, and gun from Holland.

**Monrovia** (6,000), the capital and chief port, is visited by several lines of steamers. The next largest port is *Grand Bassa*.

The time of transit to Monrovia, which is 3,650 miles from London, is about twelve days. Telegrams are sent by post from Sierra Leone.

For map, see **AFRICA**.

**LICENCE.**—(See **FOREIGN FREIGHTS AND MEASURES**—**SPAIN**)

**LICENCE.**—This is an authority granted by one person to another to do something without which the doing thereof would be the infringement of some right. Thus, if A permits B to walk over his (A's) land, B has a licence to trespass, and is, consequently, not committing any tort. This authority or permission gives B no right of property in the land, and does not create an easement (*q.v.*). If the authority or permission is given voluntarily,



it can be revoked at any time; but if it is given for a valuable consideration (*q.v.*), there is an authority coupled with an interest, and any breach of the terms of the authority (*e.g.*, by revocation contrary to the conditions thereof) would give the licensee a right of action for damages. If the licensee has merely a bare permission to enter in or upon the property of the licensor, the latter is not responsible to the former for any damage he may sustain through any defect on the property. If, on the other hand, the licensor invites the licensee to go in or upon the property, the former will be held liable for injuries sustained through such defect.

**LICENCES, EXCISE.**—The following are the present rates of duty applicable to these licences—

| Description of Licence | Annual<br>Rate of Duty |    |    |
|------------------------|------------------------|----|----|
|                        | £                      | s. | d. |

#### LIQUOR MANUFACTURERS.

*Brewer of Beer* For a licence for sale. According to the number of barrels brewed during the preceding year.

(a) Not exceeding 100 barrels . . . . . 1 0 0

(b) Exceeding 100 barrels: For the first 100 barrels . . . . . 1 0 0

For every further 50 barrels or fraction of 50 barrels . . . . . 0 12 0

(c) By a beginner . . . . . 1 0 0

License for beer not for sale. If the beer brewed by the brewer is chargeable with duty . . . . . 0 4 0

If the beer brewed by the brewer is not chargeable with duty, then

(a) Where the brewer is occupier of a house of an annual value exceeding £10 but not exceeding £15 . . . . . 2 10 0

(b) Where the brewer is the occupier of a house of an annual value of £10 or less . . . . . 1 5 0

*Distiller's Licence* To be taken out by a distiller of spirits. Number of gallons computed at proof, of spirits distilled during the preceding year.

Not exceeding 50,000 gallons . . . . . 10 0 0

Exceeding 50,000 gallons, for the first 50,000 gallons . . . . . 10 0 0

For every further 25,000 gallons and/or fraction . . . . . 10 0 0

By a beginner . . . . . 10 0 0

*Rectifier's or Compounder's Licence*

To be taken out by a rectifier or compounder of spirits . . . . . 15 15 0

*Sweet Maker's Licence* To be taken out by a maker for sale of sweets . . . . . 5 5 0

#### LIQUOR DEALERS

*Spirit Dealer's Licence* To be taken out by a wholesale dealer in spirits . . . . . 15 15 0

*Beer Dealer's Licence* To be taken out by a wholesale dealer (covers also the dealing in cider) . . . . . 10 10 0

*Wine Dealer's Licence* To be taken out by a wholesale dealer (covers also dealing in sweets) . . . . . 10 10 0

*Sweet Dealer's Licence* To be taken out by a wholesale dealer . . . . . 5 5 0

*Spirits of Wine Licence* To be taken out by manufacturing or wholesale chemists and druggists . . . . . 10 0 0

#### Description of Licence.

Annual  
Rate of Duty.  
£ s. d.

*Cider or Perry Dealer's Licence.* To be taken out by a wholesale dealer . . . . . 0 10 0

*Spirit Retailer's (Publican's) Licence.* On-licence to be taken out by a retailer of spirits. A duty equal to half the annual value of the licensed premises, subject to the following minimum duty—

In Great Britain. Areas which are not urban areas and in urban areas with a population of less than 2,000 . . . . . 5 0 0

Urban areas with a population of:

2,000 and less than 5,000 . . . . . 10 0 0

5,000 " " 10,000 . . . . . 15 0 0

10,000 " " 50,000 . . . . . 20 0 0

50,000 " " 100,000 . . . . . 30 0 0

100,000 or above . . . . . 35 0 0

In Ireland. Areas which are not urban areas and in urban areas with a population of less than 10,000 . . . . . 5 0 0

Urban areas with a population of 10,000 or above . . . . . 7 10 0

*Spirit Retailer's Off-Licence.* Off-licence to be taken out. Where the annual value of licensed premises does not exceed £10 . . . . . 10 0 0

Exceeds £10 but not £20 . . . . . 11 10 0

" £20 " £30 . . . . . 14 0 0

" £30 " £50 . . . . . 15 0 0

" £50 " £75 . . . . . 16 0 0

" £75 " £100 . . . . . 17 10 0

" £100 " £250 . . . . . 19 0 0

" £250 " £500 . . . . . 30 0 0

" £500 " " . . . . . 50 0 0

*Beer Retailer's On-Licence* (Beerhouse Licence). On-licence to be taken out by a retailer of beer. A duty equal to a third of the annual value of the licensed premises subject to the following minimum duty—

In Great Britain. Areas which are not urban areas and in urban areas with a population of less than 2,000 . . . . . 3 10 0

Urban areas with a population of:

2,000 and less than 5,000 . . . . . 6 10 0

5,000 " " 10,000 . . . . . 10 0 0

10,000 " " 50,000 . . . . . 13 0 0

50,000 " " 100,000 . . . . . 20 0 0

100,000 or above . . . . . 24 10 0

In Ireland. Areas which are not urban areas and in urban areas with a population of less than 10,000 . . . . . 3 10 0

Urban areas with a population of 10,000 or above . . . . . 4 0 0

*Beer Retailer's Off-Licence.* Off-licence to be taken out by a retailer of beer. Where the annual value of licensed premises does not exceed £10 . . . . . 1 10 0

Exceeds £10 but not £20 . . . . . 2 0 0

" £20 " £30 . . . . . 2 10 0

" £30 " £50 . . . . . 3 0 0

" £50 " £75 . . . . . 3 10 0

" £75 " £100 . . . . . 4 0 0

" £100 " £250 . . . . . 4 10 0

" £250 " £500 . . . . . 7 0 0

" £500 " " . . . . . 10 0 0

| Description of Licence.  |  | Annual<br>Rate of Duty.<br>£ s. d. | Description of Licence.  |  | Annual<br>Rate of Duty.<br>£ s. d. |
|--|--|------------------------------------|--|--|------------------------------------|
| <i>Cider Retailer's On-Licence</i> On-<br>licence to be taken out Annual value of<br>licensed premises   |  |                                    | <i>Plate Dealers:</i> To trade in or sell<br>gold above 2 dwts. and under 2 oz., or<br>silver above 5 dwts. and under 30 oz. in<br>one article                             |  | 2 6 0                              |
| Under £30  |  | 2 5 0                              | To trade in or sell gold 2 oz. or up-<br>wards, silver 30 oz. or upwards in one<br>article   |  | 5 15 0                             |
| £30 and under £50.   |  | 3 0 0                              | Who are also Pawnbrokers   |  | 5 15 0                             |
| £50 " £100.  |  | 4 10 0                             | Who are also Refiners of Gold or<br>Silver   |  | 5 15 0                             |
| £100 and over  |  | 6 0 0                              | Playing Cards, Sellers of, who are also<br>Makers  |  | 1 0 0                              |
| <i>Cider Retailer's Off-Licence</i> Off-<br>licence to be taken out  |  | 2 0 0                              | Refreshment Houses   |  |                                    |
| <i>Wine Retailer's On-Licence</i> On-<br>licence to be taken out   |  |                                    | (a) Premises under £30 annual value.   |  | 0 10 6                             |
| Annual value of licensed premises.   |  |                                    | (b) £30 and upwards  |  | 1 1 0                              |
| Under £30  |  | 4 10 0                             | Still or retorts kept or used by per-<br>sons other than licensed distillers, recti-<br>fiers or compounders of spirits, vinegar<br>makers, or motor spirit manufacturers. |  | 0 10 0                             |
| £30 and under £50  |  | 6 0 0                              | Sugar Manufacturers  |  | 1 0 0                              |
| £50 " £100.  |  | 9 0 0                              | Table Water Manufacturers  |  | 0 10 0                             |
| £100 and over  |  | 12 0 0                             | Tobacco growing, cultivating, or<br>curing   |  | 0 5 0                              |
| <i>Wine Retailer's Off-Licence</i> Off-<br>licence to be taken out   |  |                                    | Tobacco and Snuff Manufacturers  |  |                                    |
| Where the annual value of licensed<br>premises does not exceed £20   |  | 2 10 0                             | If the manufactured Tobacco received<br>in the preceding year ended 5th July<br>does not exceed 20,000 lb.   |  | 5 5 0                              |
| Exceeds £20 but not £30  |  | 3 0 0                              | Exceeds 20,000 lb. but not 40,000 lb.  |  | 10 10 0                            |
| " £30 " £50  |  | 3 10 0                             | " 40,000 lb. " 60,000 lb.  |  | 15 15 0                            |
| " £50 " £75  |  | 4 0 0                              | " 60,000 lb. " 80,000 lb.  |  | 21 0 0                             |
| " £75 " £100   |  | 4 10 0                             | " 80,000 lb. " 100,000 lb.   |  | 26 5 0                             |
| " £100 " £250  |  | 5 0 0                              | " 100,000 lb.  |  | 31 10 0                            |
| " £250 " £500  |  | 7 0 0                              | Beginners  |  | 5 5 0                              |
| " £500   |  | 10 0 0                             | Tobacco and Snuff Dealers or Sellers.  |  | 0 5 3                              |
| <i>Sweet Retailer's On-Licence</i> On-<br>licence to be taken out Annual value of<br>premises  |  |                                    | " " " Occasional   |  | Per day<br>0 0 4                   |
| Under £30  |  | 2 5 0                              | Vinegar Makers for Sale  |  | Annual.<br>1 0 0                   |
| £30 and under £50.   |  | 3 0 0                              |  |  |                                    |
| £50 " £100.  |  | 4 10 0                             |  |  |                                    |
| £100 and over  |  | 6 0 0                              |  |  |                                    |
| <i>Sweets Retailer's Off-Licence</i> Off-<br>licence to be taken out   |  | 2 0 0                              |  |  |                                    |
| <i>Passenger Vessel</i> To be taken out<br>in respect of a passenger vessel by the<br>master or other person belonging to the<br>vessel nominated by the owner                                   |  | 10 0 0                             |  |  |                                    |
| To be taken out in respect of a pas-<br>senger vessel by the master or other per-<br>son belonging to the vessel nominated by<br>the owner of the vessel, and to be in force<br>for one day only |  | Per day<br>2 0 0                   |  |  |                                    |
| <i>Railway Restaurant Car</i> To be<br>taken out in respect of a railway restau-<br>rant car by the owner.   |  | Annual<br>1 0 0                    |  |  |                                    |
| <i>Occasional On-Licences</i>  |  | Per day                            |  |  |                                    |
| (a) Sale of any intoxicating liquor  |  | 0 10 0                             |  |  |                                    |
| (b) Sale of beer or wine only  |  | 0 5 0                              |  |  |                                    |

## LICENCES OTHER THAN LIQUOR

## LICENCES

|   | Annual  |
|---|---------|
| Appraisers and House Agents                           | 2 0 0   |
| Auctioneers   | 10 0 0  |
| Glucose, Saccharin, and Invert Sugar<br>Manufacturers | 1 0 0   |
| Hawkers   | 2 0 0   |
| Match Manufacturers                                   | 1 0 0   |
| Mechanical Lighter Manufacturers (No charge)          |         |
| Medicine, Patent, Makers or Vendors of                | 0 5 0   |
| Methylated Spirit Makers                              | 10 10 0 |
| Methylated Spirit Retailers                           | 0 10 0  |
| Pawnbrokers   | 7 10 0  |

**LICENCES, LOCAL TAXATION.**—There are certain charges, formerly included under Excise, which are now administered by the various county councils. The licences, except licences to drive motor cars and cycles, are obtainable at any post office. Motor cars and cycles must be registered with, and licences to drive them must be obtained from the clerks of the respective county councils. Unless otherwise stated, licences must be obtained before the 31st January of each year, or within twenty-one days after the licensee becomes liable to pay duty. The licence is personal to the applicant, and cannot be transferred except by operation of law, i.e., it can only pass to the widow, executor, administrator, or other representative of a deceased licensee. Sometimes a declaration is required, the form of which is obtainable at any post office. All necessary requirements must be complied with under liability to a penalty of £20.

The following are the local taxation licences, arranged in alphabetical order—

**Armorial Bearings.** These are defined as meaning and including "any armorial bearing, crest, or ensign, by whatever name the same shall be called, and whether the armorial bearing, crest, or ensign is registered in the College of Arms or not." A very slight user will render a person liable to pay this licence, whether the armorial bearings are upon letter paper, a ring, a carriage, or any domestic

**article** It should be borne in mind that there is now increased activity on the part of local authorities, and that it is unsafe to use anything which shows a shield unless the licence is paid. The cost of the licence is one guinea, but this is increased to two guineas if the armorial bearings are borne upon a carriage or a motor car. If the carriage or the motor car is hired, unless the hiring is merely temporary, the liability to pay the licence falls upon the hirer.

**Carriages.** A carriage is "a vehicle (not being a hackney carriage) drawn by a horse or mule, or drawn or propelled upon a road or tramway, or elsewhere than upon a railway by steam or electricity, or other mechanical power" (This definition includes motors, but the licences charged in respect of them are different from those imposed upon carriages and are noticed later). A hackney carriage is "a vehicle standing and plying for hire, and includes any carriage let for hire by any person whose business it is to sell or to let carriages for hire." The owner is primarily liable for the payment of the duty, but if the carriage is let out for more than a year the hirer is responsible. All details connected with the vehicle must be given when applying for the licence, and any changes which might increase the duty must be duly notified. The following is the rate of duty payable—

|  | £  | s  | d. |
|--|----|----|----|
| (1) <i>Carriages with four or more wheels—</i>   |    |    |    |
| (a) Drawn or adapted or fitted to be drawn by two or more horses or mules                                | 2  | 2  | 0  |
| (b) Drawn or adapted or fitted to be drawn by one horse or mule  | 1  | 1  | 0  |
| The duty is 11s and 10s 6d respectively if the carriage is not used before the 1st October in any year.  |    |    |    |
| (2) <i>Carriages with less than four wheels</i>  | 0  | 15 | 0  |
| This duty is similarly reduced to 7s. 6d if the carriage is not used before the 1st October in any year. |    |    |    |
| (3) <i>Hackney Carriages—</i>  |    |    |    |
| (a) Drawn by horses or mules   | 0  | 15 | 0  |
| (b) Driven by motor power, seating not more than 5 persons   | 12 | 0  | 0  |
| More than 5 but not more than 11   | 24 | 0  | 0  |
| " " 14 " " "   | 20 | 36 | 0  |
| " " 20 " " "   | 26 | 48 | 0  |
| " " 26 " " "   | 32 | 60 | 0  |
| " " 32 " " "   | 70 | 0  | 0  |

In the Metropolitan Police area and such other districts as the Minister of Transport may fix, the rates of duty are £15, £30, £45, £60, £72, and £84 respectively.

No licence is required to be taken out in respect of carriages which are not actually in use during the year. The licence expires on the 31st December of each year.

**Chimney Sweep.** No licence is required if the chimney sweep works for himself without assistance, but if he employs an assistant, a licence duty of 2s. 6d. must be paid.

**Dogs.** The duty is 7s. 6d. a year in Great Britain and 2s. 6d. in Ireland. The penalty for not having a licence is £5, and the same penalty is imposed if the licensee refuses to produce his licence on demand by a constable or an excise officer without good reason for so refusing. The licence is personal, and no matter how many times the dog changes his owner during a year, each owner must

take out a fresh licence for himself. No allowance is made in case the dog is kept less than a year, i.e., the full 7s. 6d. is payable no matter how short the period of ownership may be. But if a licence is taken out by an owner for a dog, it does not apply to any particular dog, and the licence will be good for any animal during the year it is in force. But, of course, there must be one licence for each dog so long as there are more than one kept at the same time. The date of the renewal of the licence is the 1st January of each year. In the following cases no duty is payable: (1) Dogs under six months old, (2) hound puppies under twelve months old not entered in or used with a pack of hounds, (3) a single dog kept and used solely for the guidance of a blind person, (4) dogs kept and used solely for the purpose of tending sheep or cattle. The number of dogs allowed to be kept free of duty for tending sheep and cattle varies according to the number of sheep or cattle. Two are allowed for 400 sheep, three when the number of sheep is between 400 and 1,000, four for sheep over 1,000, with an additional dog for every 500 sheep over the first thousand, the extreme limit of free dogs, however, being eight.

**Game.** Killing game by shooting without a licence renders a person liable to a fine of £20, and there are various other smaller penalties for taking or killing game, or assisting in taking or killing by any other means. Game is defined by statute as including hares, pheasants, partridges, grouse, heath or moor game, black game, bustards, deer, woodcock, snipe, quail, landrail, and rabbits. There are, however, various exceptions, and in the following cases no game licence is necessary: (1) Taking woodcock and snipe with net and springes, (2) taking or destroying rabbits by the owner of any warren or enclosed land, (3) taking or killing rabbits or hares under the Ground Game Act, 1880, (4) pursuing or killing hares by coursing with greyhounds, or hunting with beagles or other hounds, (5) pursuing and killing deer by hunting with hounds; and (6) taking and killing deer in any enclosed land by the owner or occupier, or by his direction or permission. Beaters and assistants are not required to take out a licence, nor are persons who are authorised to kill hares by statute, acting under and by direction of the tenant of the land. The exceptions, however, do not extend beyond the licence to kill or to take game, i.e., even when a game licence is not necessary a gun licence must be taken out if a gun is used. The duty payable is as follows—

|  | £ | s | d. |
|--|---|---|----|
| (a) Where the licence is taken out between the 31st July and the 31st October—                       |   |   |    |
| To expire on the 31st July following   | 3 | 0 | 0  |
| To expire on 31st October following  | 2 | 0 | 0  |
| (b) Where the licence is taken out on or after the 1st November to expire on the 31st July following | 2 | 0 | 0  |
| (c) Where taken out at any time for a continuous period of 14 days                                   | 1 | 0 | 0  |

The licence must be produced on demand, or full particulars given by the person from whom it is demanded of his full name and address.

**Game Dealer.** The licence for a game dealer must be taken out on the 1st July of each year. The amount of the duty is £2. It is immaterial whether the game dealt in was killed in this country

or abroad. The licensee must affix to his premises a notice to the effect that he is licensed to deal in game. The penalty for dealing without a licence is £20, and the importance of seeing that the proper notice is affixed is shown by the fact that any person who purchases game from an unlicensed dealer is liable to a fine of £1 per head for all game bought.

**Gamekeeper.** In Great Britain, if the gamekeeper is employed as a manservant and duty has been paid in respect of him (*infra*), the cost of the annual licence is £2. If the man is employed solely as a gamekeeper, he must have a game licence. In Ireland the duty payable is always the same as for a game licence. The licence is personal to the gamekeeper, but if he changes his employer during the year, the fact should be indorsed upon the licence.

**Guns.** No gun may be used or carried elsewhere than in a dwelling-house or within the curtilage thereof, unless the owner thereof has procured a licence. The duty is 10s, and expires on the 31st July of each year. The licence is strictly personal, and cannot be transferred to a son or a servant. A gun signifies not only a firearm of any description, but also an air-gun or any similar kind of weapon from which any missile can be discharged. No licence is required by (a) any person in the military, naval, or volunteer service, nor by the constabulary or the police, when a gun is carried by any of them in the performance of his duty or when he is engaged in target practice; (b) any person having a game licence; (c) any person who carries a gun which is the property of any person who holds a game licence; (d) the occupier of any land using the weapon for the purpose only of scaring birds or of killing vermin on such land, or on any other land by order of the occupier thereof, if such occupier possesses a game certificate; and (e) persons, such as gunsmiths, carriers, etc., who are using or carrying guns in the exercise of their calling. The penalty for using or carrying a gun without a licence, and also for refusing to produce the licence, or give full particulars of the same, when required to do so by a constable or an excise officer, is £10.

The statutory provisions as to the sale of guns are noticed in a separate article. (See GUNS, SALE OF.)

**Hackney Carriages.** These are dealt with under CARRIAGES.

**Male Servants.** The duty payable is 15s. per year for each male servant. By recent decisions the definition of a male servant has been made to cover a larger class of servants than was at one time considered to fall within it. A licence is necessary for a butler, valet, page, footman, coachman, groom, chauffeur, gardener, etc., and also for a workman or labourer who is sometimes engaged in services of a personal character, e.g., one who occasionally drives a carriage used for pleasure. But a hotel proprietor or a restaurant keeper is exempt from taxation in respect of the servants that he employs in his establishment for the purposes of his business. It is necessary for a declaration to be made as to male servants to the Inland Revenue authorities at the beginning of each year. The penalty for neglecting to make a declaration, or for employing a male servant without a licence, or for engaging more than the number authorised by the licence, is £20. This duty only applies to Great Britain.

**Mechanically Propelled Vehicles.**—The scale of licences in force from 1st January, 1921, is as follows:—

(1) *Motor Cycles (including Motor Scooters)* not exceeding 8 cwt. in weight unladen—

|   |   |    |   |
|---|---|----|---|
| Not exceeding 200 lb. in weight           | 1 | 10 | 0 |
| Exceeding 200 lb. in weight               | 3 | 0  | 0 |
| If used for drawing a trailer or side-car | 4 | 0  | 0 |

(2) *Motor Tricycles* . . . . . 4 0 0

(3) Vehicles not exceeding 5 cwt. in weight unladen, adapted and used for invalids . . . . . 0 5 0

(For vehicles being hackney carriages see under *Carriages*.)

(4) Vehicles of the following descriptions used in the course of trade, otherwise than for the conveyance of goods and in agriculture—

Locomotive ploughing engines, tractors, etc., not used for haulage . . . . . 0 5 0

Road locomotives and agricultural engines other than the above which are used for haulage solely in connection with agriculture—

Not exceeding 8 tons in weight unladen . . . . . 25 0 0

Exceeding 8 tons but not exceeding 12 tons . . . . . 28 0 0

Exceeding 12 tons . . . . . 30 0 0

Tractors, etc., other than the above, used for haulage solely in connection with agriculture—

Not exceeding 5 tons in weight unladen . . . . . 6 0 0

Exceeding 5 tons . . . . . 10 0 0

Tractors of any other description . . . . . 21 0 0

(5) Vehicles (including tricycles weighing more than 8 cwt. unladen) constructed or adapted for use and used solely for the conveyance of goods in the course of trade—

Not exceeding 12 cwt. in weight unladen . . . . . 16 0 0

12 cwt.—1 ton . . . . . 16 0 0

1 ton—2 tons . . . . . 21 0 0

2 tons—3 tons . . . . . 25 0 0

3 tons—4 tons . . . . . 28 0 0

Exceeding 4 tons . . . . . 30 0 0

With an additional duty in any case if used for drawing a trailer . . . . . 2 0 0

(6) Any vehicles other than those charged with duty as above—

Not exceeding 6 horse power or electrically propelled . . . . . 6 0 0

Exceeding 6 horse power: For each unit or part of a unit of horse power . . . . . 1 0 0

In the case of a vehicle the engines of which are proved to the satisfaction of the authority charged with levying the duty, to have been constructed before 1st January, 1913, a rebate of 25 per cent is allowed.

In connection with the above the following extract from the Finance Act, 1920, should be noted:—

The duties charged under this section shall be paid annually upon licences to be taken out by the person keeping the vehicle:

Provided that:—

(a) a licence may be taken out in respect of any mechanically propelled vehicle (other than a cycle or a tramcar, or a vehicle on which a duty of five shillings is chargeable under this section) for one-quarter of the year only beginning on the first day of January, the first day of April, the first day of July, or the first day of October, and in the case

of any licence so taken out the duty shall be 30 per cent. of the full annual duty, and

(b) where a person commences to keep or use a vehicle to which the foregoing proviso does not apply on or after the first day of October in any year, he shall, on delivering a declaration in writing signed by him to that effect, be entitled to take out a licence for that vehicle in payment of one-half of the full annual duty.

Any alterations made in the above licences since the article was written, will be found noted in the appendix.

**LICENSING LAWS.**—The Licensing (Consolidation) Act, 1910, has repealed the whole of nine licensing Acts, and parts of four others, and has codified the law. It puts into one Act the result of all the legislation from the Alchouse Act of 1828 (itself a consolidating Act) to the Licensing Act of 1906. It deals only with the law relating to justices' licences for the sale by retail of intoxicating liquor and to the registration of clubs, and does not deal with the numerous other matters in respect of which licences are necessary, for which see the preceding article. The registration of clubs is also dealt with under separate headings.

No person may sell intoxicating liquor by retail without an excise licence, and such excise licence, if granted, becomes void unless the person to whom it is granted holds a justices' licence authorising the grant of the excise licence to that person. The justices' licence authorises the holder to apply for and hold the excise licence, it does not order it to be granted to him. There are three kinds of excise licences: (1) Manufacturers' licences, (2) wholesale dealers' licences, and (3) retail licences. A justices' licence is not required for a manufacturers' licence or a wholesale dealers' licence, but it is required for a retail licence, except in the cases provided for by Section 3 of the Act of 1910 (privileges enjoyed by any university, the borough of St. Albans, the Vintners' Company, and special regulations as to theatres). Thus a spirit dealer or wine dealer does not require a justices' licence in order to sell spirits or wine by retail (for consumption off the premises) in premises which, being exclusively used for the sale of intoxicating liquors, or of intoxicating liquors and mineral waters, or other non-intoxicating drinks, have no internal communications with the premises of any person who is carrying on any other trade or business.

Justices' licences are not required for the sale of intoxicating liquor by proprietors of theatres, in pursuance of the Theatre Acts, for the sale of spirits by a person holding a canteen under the authority of a Secretary of State or of the Admiralty, for the sale of intoxicating liquor in passenger vessels, or on a railway restaurant car, and for the sale of medicated or methylated spirits, or spirits made up in medicine, and sold by medical practitioners or chemists and druggists.

Subject to a few exceptions, most of which have been mentioned above, a justices' licence is required for every retail excise licence. Every new justices' licence, i.e., every justices' licence that is not granted by way of renewal or transfer, requires to be confirmed. This is done by the Confirming Authority. Sometimes when there are too many licensed houses in a district, so that it becomes desirable to close up one or more of them, the justices have power where the circumstances require it, to refuse to renew a licence or licences, and in lieu thereof to grant compensation to the

owner of, and to the other persons interested in, the licence about to be extinguished. The justices when sitting for this kind of work are called the Compensation Authority.

For a petty sessional division of a county, the licensing justices are the justices sitting in and for the petty sessional division; the confirming authority and also the compensation authority are quarter sessions.

For a borough the licensing justices are—

(1) in a county borough, the borough licensing committee,

(2) in a non-county borough, having ten or more justices, the borough licensing committee for granting new justices' licences and the ordinary removal of justices' licences, and, for other purposes, the borough justices; where there are less than ten justices, the licensing justices are for all purposes the borough justices.

The confirming authority are the whole body of borough justices, or where there are less than ten, a joint committee consisting of three justices of the county in which the borough is situated, and three justices of the borough. The compensation authority are in a county borough the borough justices; in a non-county borough, the quarter sessions for the county.

The city of London is regarded as a county borough.

The licensing committee consists of not less than seven justices in a county borough, and of not less than three nor more than seven in any other borough, and the committee must be appointed during the last fortnight in every year.

The compensation authority and the confirming authority may delegate any of their duties and powers to a committee appointed by them respectively.

Any power to be exercised or any duty to be performed by licensing justices may be exercised or performed by a majority of the justices present at a meeting assembled for the purpose, and no objection can be made to the grant or confirmation of any licence on the ground that the justices or committee of justices were not qualified to make the grant or confirmation.

**Justices' Licences.** The licensing justices for every licensing district must, within the first fourteen days of February in every year, hold a special session (to be called the general annual licensing meeting), the date of which must be fixed by the justices at a meeting held by them at least twenty-one days before, the annual meeting may be adjourned from time to time for a period not exceeding one month, but the first adjourned meeting may not be held until after an interval of at least five days.

Power is given to the justices, if they are satisfied that the applicant for the grant or removal of a justices' licence is hindered by sickness or infirmity or other good reason from attending personally, to grant such licence or authorise its removal, notwithstanding the absence of the applicant.

Every new justices' licence (i.e., every justices' licence that is not granted by way of renewal or transfer) in order to be valid must be confirmed by the confirming authority. On the grant of a new justices' on-licence, the justices may attach such conditions both as to the payments to be made and the tenure of the licence, and as to any other matters as they think proper in the interests of the public. The licensing justices may, if they think fit, instead of granting a new justices' on-licence as an annual

licence, grant the licence for a term not exceeding seven years; such a licence does not require renewal during the term granted, but at the expiration of the term an application for a re-grant must be treated as an application not for a renewal of a justices' licence, but as an application for a new licence. An on-licence granted for a term may be forfeited by order of a court of summary jurisdiction, if any condition attached to the licence is not complied with, or if the holder is convicted of any offence as a licensed person. On the confirmation of a new justices' on-licence, the confirming authority may, with the consent of the justices authorised to grant the licence, vary any conditions attached to the licence.

The applicant for a new licence must advertise notice of his application in some local paper on such day or days as the licensing justices shall fix; he must also, within twenty-eight days before making his application, cause the notice of his application to be fixed and maintained between 10 a.m. and 5 p.m. on two consecutive Sundays on the door of the premises proposed to be licensed, and also on the door of the church or chapel or other public place of the district in which the premises are situate, and must give twenty-one days' notice in writing to the overseers of the parish, the superintendent of police, and the clerk of the licensing justices of his intention to apply. If the application is for a new on-licence, a plan of the proposed premises must be deposited with the clerk of the licensing justices not less than twenty-one days before the application is made.

**Renewal of Licences.** Renewal of a justices' licence is a grant of a justices' licence at a general annual licensing meeting by way of renewal of a similar licence in force at the time of the application in respect of the same premises, but if the licence, though not in force at the time of the application, was in force at the previous general annual licensing meeting, and if the justices are satisfied that the applicant had reasonable grounds for not making his application at that previous meeting, the grant of the application by the justices will be treated as a renewal of the licence.

The licence holder need not attend personally to apply for a renewal, unless for some special cause personal to himself he is required to attend by the licensing committee.

No objection to a renewal is entertained unless, seven days before the commencement of the meeting, notice of opposition and the grounds thereof has been served on the licence holder, but the licensing justices may adjourn the consideration of the renewal of a licence to a future day and require the attendance of the licence holder on that day, and hear the case and consider the objection as if notice to oppose had been given. All evidence on an application for renewal of licence must be on oath.

The renewal of an old off-licence, i.e., an off-licence for the sale of wine, spirits, liquors, sweets, or cider, which was in force on June 25th, 1902, for a renewal thereof may not be refused except on some one or more of six specified grounds, viz.—

(1) That the applicant has failed to produce satisfactory evidence of good character

(2) That the proposed licensed premises or any adjacent house or shop owned or occupied by the applicant is of a disorderly character, or frequented by thieves and prostitutes.

(3) That the applicant, through misconduct, has previously forfeited a licence or been disqualified from receiving a licence.

(4) That the applicant, or the house in respect of which he applies, is not duly qualified as by law is required.

(5) That the applicant has sold surreptitiously under the licence, or has assisted in misrepresenting the nature of the goods sold under the licence.

(6) That the applicant has been guilty of misconduct in the management of his business under the licence.

The power to refuse the renewal of any old on-licence is, speaking generally, restricted so far as the licensing justices are concerned to the first four of the above-mentioned grounds. In the case of an old on-licence other than an old beer-house licence, there are the further grounds (1) that the licensed premises have been ill-conducted or are structurally deficient or unsuitable, or (2) that the proposed holder of the licence is not a fit and proper person to hold a licence.

An old on-licence is a justices' on-licence which was in force on August 15th, 1904, including a licence granted by way of renewal of a licence so in force, and also a licence which, though not in force at that date, had been before that date provisionally granted and confirmed under Section 22 of the Licensing Act, 1874, in cases where the provisional grant and order for confirmation was subsequently declared final. Whenever the renewal of an old on-licence is refused, the licensing justices must specify in writing to the applicant the grounds of their refusal. But, although the licensing justices cannot refuse to renew a licence except for the specified grounds, the compensation authority are not so restricted; they, however, cannot act until after the matter is referred to them by the licensing justices and compensation paid in accordance with the Act. The licensing justices must make a report and refer the matter to the compensation authority. The latter must consider all reports made to them, and may, if they think it expedient, and after having given all interested parties an opportunity of being heard, refuse to renew a licence provided compensation is paid under the Act.

**Compensation Payable on Non-Renewal of Old On-Licences.** The amount payable as compensation in respect of the non-renewal of an old on-licence is the difference between the value of the premises as licensed premises (subject to the conditions of renewal prevailing before the Licensing Act, 1904) and their value as non-licensed premises. Where the amount to be paid is agreed upon by the parties interested and approved by the compensation authority, the amount is to be divided among the parties interested in such shares as may be determined by the compensation authority. Where the parties cannot agree, the amount is to be determined by the Commissioners of Inland Revenue, whose award is subject to an appeal to the High Court. The holder of a licence, if he is the tenant of the premises, is not to receive a less amount of compensation than he would be entitled to as a tenant from year to year of the licensed premises.

The parties interested are (1) the person entitled to receive the rack-rent of the premises either on his own account or as mortgagee or other encumbrancer in possession; (2) any person possessing an estate or interest in the premises, whether as owner, lessee, or mortgagee, prior to that of the immediate occupier, and (3) the licensee.

The money necessary for payment of the compensation for the extinction of old on-licences is to be taken from a fund called the Compensation Fund. This fund is provided by imposing certain charges on the renewal of all old on-licences of premises within the area of the compensation authority at rates not exceeding and graduated in the same proportion as the rates shown in the scale of maximum charges in the Act of 1910.

(*e.g.*, where annual value of premises is less than £15, maximum charge, £1; where annual value of premises is between £15 and £20, maximum charge, £2; where annual value of premises is between £20 and £25, maximum charge, £3; where annual value of premises is between £50 and £100, maximum charge, £15; where annual value of premises is between £100 and £200, maximum charge, £20; where annual value of premises is £900 and over, maximum charge, £100).

In case the statutory contributions to the compensation fund are not sufficient for paying the amounts of compensation payable under the Act, the compensation authority has power, with the consent of the Secretary of State, to borrow money on the security of the compensation fund for the purpose of making the necessary payments. After the amount of the compensation money and the shares into which it is to be divided have been settled, the compensation authority must send notice to the persons entitled to compensation of the day on which the compensation will be paid, and on that day they must send to each person entitled an order on the compensation fund for the amount due. Notice of the day fixed for payment is also given to the renewal authority and also to the superintendent or other chief officer of police of the district, and the licence ceases to have effect as from the expiration of the seventh day after the date fixed for payment.

In case the holder of the licence dies or becomes unable to carry on business through illness, or becomes bankrupt, or gives up the occupation of the licensed premises, or wilfully omits or neglects to apply for a renewal of the licence, application may be made by the representatives of the holder of the licence or by the new tenant of the premises, or by the trustee of the bankrupt, as the case may be, for the transfer of the licence.

The licensing justices must appoint not less than one nor more than eight special sessions (called transfer sessions) in every year, and transfers and removals of justices' licences cannot be authorised except at these transfer sessions and the general annual licensing meeting.

By the transfer of a justices' licence is understood the grant in respect of the same premises of a justices' licence to one person in substitution for another person, by the removal of a justices' licence is understood the removal of the licence from the premises in respect of which it was granted to other premises.

Where a person is aggrieved by the refusal of the licensing justices to grant a renewal, transfer, or special removal of a justices' licence, an appeal against such refusal can be made to the quarter sessions of the county at the next court after such refusal, or, if the next court is held within nineteen days, at the next court but one. Where an appeal is dismissed or abandoned, the appellant has to pay the costs of the justices against whose decision he has appealed.

Certain persons are disqualified from holding a justices' licence, *e.g.*, a person convicted of felony, or a person holding a justices' licence who has been convicted of permitting his premises to be used as a brothel. The disqualification in these two cases continues during the lifetime of the person convicted, but in some other cases the disqualification is only temporary.

Sometimes premises are disqualified for a justices' licence, *e.g.*, if the licences of two persons with respect to the premises are forfeited within any period of two years, the premises are disqualified for one year from the date of the last forfeiture.

Premises are also disqualified unless they are structurally adapted for the class of licence required, and are of a certain annual value as set out in the Act. A minimum of £15 annual value for towns above 10,000 population, £11 for towns of over 2,500 population, and £8 in other cases; but railway refreshment rooms are excepted from the requirements as to annual value.

In the case of off-licences for beer or cider, a different value for the annual value of the licensed premises is prescribed. No justice who is, or is in partnership with, or holds any share in any company which is, a common brewer or distiller, or retailer of malt or any intoxicating liquor in the district or adjoining districts, can sit as a licensing justice. A similar disqualification arises if the justice is beneficially interested in the profits of any premises the licence of which is to be considered, or is the owner, lessee, or occupier thereof, or is the manager or agent of such owner, lessee, or occupier. Although the justice may be in fact disqualified, no act done by him is on that ground void, but the offending justice is liable in respect of each offence to a fine not exceeding £100.

A justices' licence is in force from the 5th day of April after the granting thereof for one year next ensuing, or until the expiration of the term for which the licence is granted; but a transfer or special removal of an annual licence lasts only until the 5th day of April following the day on which it is granted.

A justices' licence is drawn up in a form prescribed by the Secretary of State, a renewal of such licence is made either by indorsement on the licence or by the issue of a copy of the old licence. Where the licensing justices or a court of summary jurisdiction are satisfied that a licence has been lost, mislaid, or, on an application for a protection order, wilfully and without legal right withheld by the holder thereof, the justices or the court may receive a certified copy of the licence issued by the clerk of the licensing justices by whom the licence was granted; and any indorsement required to be made on such licence may be made on the copy, and when so made shall have the same effect as if made on the original licence.

**Register of Licences.** In every licensing district the clerk of the licensing justices must keep a register, to be called the register of licences, containing the particulars of all justices' licences granted in the district, the premises in respect of which they were granted, the names of the owners of those premises, and the names of the holders for the time being of the licences. He must enter in the register notice of any conviction of the holder of a justices' licence, including any conviction for adulteration of drink, and he must also enter all forfeitures of justices' licences and disqualification of premises. The register must also contain the

name of the owner of the licensed premises (that is to say, the person entitled to receive the rack-rent), and also the name of any person possessing an estate or interest in the premises as owner, lessee, or mortgagee, prior or paramount to that of the immediate occupier.

**Closing Hours.** No premises in which intoxicating liquors are sold by retail may remain open during certain hours—these hours vary in normal times according as the premises are (a) within the metropolis; (b) beyond the metropolis, but in the metropolitan police district, and in a town or populous place; (c) not in a town or populous place.

(a) *Premises within the metropolis were formerly closed—*

- On Saturday night from midnight until 1 o'clock in the afternoon of the following Sunday, and on Sunday afternoon from 3 o'clock until 6 o'clock, and on Sunday night from 11 o'clock until 5 o'clock on the following morning, and on all other days from half an hour after midnight until 5 o'clock on the same morning.

(b) *Premises beyond the metropolis, but in the metropolitan police district, and premises in a town or populous place were formerly closed—*

- On Saturday night from 11 o'clock until half an hour after noon on the following Sunday, and on Sunday afternoon from half-past 2 o'clock until 6 o'clock, and on Sunday night from 10 o'clock until 6 o'clock on the following morning, and on the nights of all other days from 11 o'clock until 6 o'clock on the following morning.

(c) *Premises not in the metropolis or metropolitan police district, or in a town or populous place were formerly closed—*

- During the same hours as Class (b), except that they must be closed on Saturday night from 10 o'clock until half an hour after noon on the following Sunday.

In Wales all public-houses are closed throughout Sunday, and in the week they open at 6 o'clock in the morning and close at 11 in towns or populous places, and at 10 in all other places.

Christmas Day and Good Friday are regarded as Sundays so far as closing hours are concerned, and the day preceding each of these, if not a Sunday, is regarded as a Saturday.

The ordinary hours of closing may be varied by order of a local authority when they are satisfied that it is necessary or desirable to vary them for the accommodation of any considerable number of persons attending any public market or following a particular trade. The local authority may, upon application duly made, also grant exemptions from closing hours on special occasions. Besides ordinary licences, there are what are known as six-day licences, and early closing licences, that is to say, licences granted subject to the condition that the licensed premises shall not be open on Sunday in the case of a six-day licence, or shall be closed one hour earlier than usual each night in the case of the early closing licences.

The foregoing closing hours are those which previous to 1914 were normal. Under the Defence of the Realm Act and regulations various orders were made as to closing of licensed premises and these orders applied to areas specifically named. The normal hours have not yet been reverted to, and it is doubtful whether licensed premises will ever be open as indicated above.

Though publicans are compelled to keep their premises closed during certain hours and are

entitled to keep them open during certain hours, they are not, as a rule, compellable to keep them open at any time. With few exceptions, they are in the same position as any other trader; they are not compellable to do business with any particular person; and they can shut their shop or premises whenever they wish. As a rule, they are only too anxious to keep open and do business during every moment of the time they are allowed to keep open by law, but it must be remembered that they are not in the same position as innkeepers (*q.v.*), who by common law are bound, if they have accommodation, to receive and procure food for the traveller. The obligation of an innkeeper extends only to supplying food and meat and lodging to the traveller, if he has accommodation, but it does not extend to supplying him with intoxicating drink; and the publican who is not an innkeeper is at liberty to close his licensed premises whenever he wishes during the time he is allowed by law to keep open. By closing his premises frequently, he may in some way run the risk of losing his licence altogether, as the inference to be drawn from the frequent closing would naturally be that the licensed premises were not required, and that there was sufficient accommodation for the public in other establishments which were kept open during legal hours.

During recent years, however, quite apart from compulsory closing, restriction on output of intoxicants has had the effect of closing houses during hours when they might otherwise remain open.

#### **Penalty for doing Business during Closing Hours :**

A person who sells or exposes for sale any intoxicating liquor on licensed premises during closing hours, or opens or keeps open those premises for the sale of intoxicating liquors, or allows any intoxicating liquors, although purchased before the hours of closing, to be consumed on those premises during closing hours, is liable in respect of a first offence to a fine not exceeding £10, and in respect of each subsequent offence to a fine not exceeding £20. But the licensee is not liable to a penalty if the persons supplied with intoxicating liquor after closing hours are his private friends *bond fide* entertained by him at his own expense, or if they are lodgers in his house.

The holder of a seven-day licence is at liberty to serve a *bond fide* traveller with intoxicating liquor during closing hours on Sunday. No person is regarded as a *bond fide* traveller unless the place where he lodged during the preceding night is at least 3 miles from the place where he demands to be supplied with liquor. Although the person supplied was not, in fact, a *bond fide* traveller, the licensee is not liable to be convicted if the court is satisfied that he (1) truly believed that, and (2) took all reasonable precautions to ascertain whether or not, the purchaser was a *bond fide* traveller. Any person who buys, or obtains or attempts to buy or obtain at any licensed premises intoxicating liquors during closing hours by falsely representing himself to be a traveller or a lodger, is liable in respect of each offence to a fine not exceeding £5. Any person found on licensed premises during closing hours is liable in respect of each offence to a fine not exceeding £10, unless he can satisfy the court that he was an inmate, servant, or lodger on the premises, or a *bond fide* traveller.

The penalties for selling intoxicating liquor without a justices' licence, or in breach of the conditions on which the licence was granted, are very severe. For a first offence the penalty is a fine not exceeding



£50 or imprisonment with or without hard labour for not more than one month; for a second offence, a fine not exceeding £100 or imprisonment with or without hard labour for not more than three months; and for every subsequent offence a fine not exceeding £100 or imprisonment with or without hard labour for a term not exceeding six months. On conviction for a second or subsequent offence, the holder of a licence forfeits his licence, and, in addition, he is liable on a second offence to be disqualified for five years from holding a licence, and for a subsequent offence he is liable to be disqualified for any term of years or for life. The court has also power, by way of additional punishment, to forfeit the liquor found on the premises of a convicted person.

A licensed person is liable to a penalty of £10 in the case of a first offence and £20 in the case of a subsequent offence for allowing drinking in contravention of his licence. The holder of a justices' on-licence is liable to a penalty of 20s. for a first offence and 40s. for a subsequent offence if he sells to any person apparently under the age of sixteen spirits to be consumed on the premises.

It had long been the custom of working men to send one of their young children to fetch their beer or other intoxicating liquor from the public-house for consumption at home, with the result that the young child often took the opportunity of helping himself to the strong drink. The effects of this practice, in many instances, were very harmful to the child, both physically and mentally, and to prevent these evil results Parliament has enacted that no holder of a justices' licence may sell or deliver to anyone under the age of fourteen years any description of intoxicating liquor for consumption by any person on or off the premises, unless such intoxicating liquor is sold or delivered in corked and sealed vessels in quantities of not less than one reputed pint for consumption off the premises only. The penalty for contravening this regulation is a fine of 40s. for the first offence, and £5 for a subsequent offence. All intoxicating liquors sold by retail and not in a cask or bottle must, if sold in quantities of half a pint or more, be sold in measures marked according to the Imperial standards. (Penalty, first offence, £10, subsequent offence, £20, and forfeiture of illegal measure.)

The holder of a justices' licence has to comply with a great many regulations which do not apply to the ordinary tradesman. He must keep his name affixed to the licensed premises in a conspicuous place, together with words stating whether his licence is for the consumption of intoxicating liquor on or off the premises. If his licence is for six days only or an early closing licence, this must appear on the notice affixed to the premises. He may not deal in or store upon his premises any other kind of liquor than that for which he holds a justices' licence. He must not allow his licensed premises to have any internal communication with any other premises which are used for public entertainment or resort, or as a refreshment house, and he may not make any structural alteration in his premises which gives increased facilities for drinking or conceals from observation any part of the premises used for drinking or affects the communications between the part of the premises where the intoxicating liquor is sold and any other part of the premises or any street or other public way, without the consent of the licensing justices given either at the general annual licensing meeting or at transfer sessions. The licensing justices have also power to

order structural alterations to be made, as they shall reasonably consider to be necessary, to secure the proper conduct of the business, on the parts of the premises where intoxicating liquor is sold or consumed.

The holder of a justices' licence is liable to a penalty for permitting drunkenness or violent or riotous conduct on his premises, or for selling intoxicating liquor to a drunken person, or for permitting his premises to be used as a brothel or as an habitual resort or meeting-place of reputed prostitutes. He may not suffer any constable to remain on his premises while he is on duty, or supply him with any liquor or refreshment whether by way of gift or sale while on duty, unless by authority of some superior officer of the constable. He may not permit gaming on his premises or use them in contravention of the Betting Act, 1853. He has power to exclude drunken, violent, or disorderly persons, and he must always admit a constable who desires to enter on his licensed premises for the purpose of enforcing the provisions of the Licensing Act, 1910.

The owner of licensed premises is generally not the licensee, and as the value of the premises would be very much depreciated by the loss of the licence, there are numerous provisions in the Act for the protection of the owners of the licensed premises. The name of the owner has to be registered, and notice of any conviction of a licensee has to be given to the owner, also notice of any order directing or refusing structural alterations. Where in consequence of certain offences a licensee becomes personally disqualified to hold a licence, or forfeits his licence, the owner can apply to the justices for a protection order, as in the case of a proposed transfer. It is customary whenever the transfer of a licence is about to take place, for the intended transferee to apply to the justices for a protection order which enables him to carry on business as if he were the licensee until the next transfer sessions, or until his application for a transfer of the licence can be duly heard. Where the renewal of a licence is refused, and the licensee takes all the necessary steps for appealing without delay, the Commissioners of Customs and Excise may, by order, permit him to carry on his business upon such conditions as they think just until his appeal can be heard. Similarly where a licence is forfeited in consequence of a conviction, the court by whom the conviction was made may, by order, if an appeal is duly made against the conviction, grant a temporary licence, to be in force until the appeal can be heard.

**LIEN.**—This word signifies the right of a person to retain possession of the goods of another, until such time as some debt or obligation which has been created has been discharged. It is often spoken of as a "possessory lien." There is also a lien which is known as a "maritime lien," but this is noticed separately. (See MARITIME LIEN.)

No lien can arise unless the goods, over which the lien is claimed, have come lawfully into the possession of the person who claims the lien in the ordinary course of business. The lien is generally lost if the possession of the goods is abandoned, but this does not include their deposit with a bailee for safe custody, nor an involuntary loss of the goods. When the lien has once been lost by a voluntary abandonment of possession, it is not revived by possession being regained, except in a few special cases. Thus, an insurance broker who effects a policy loses his lien upon it if he

## SUPPLEMENT TO THE ARTICLE ON LICENSING

*In August, 1921, a new Licensing Act was passed which made some important changes. It is entitled the Licensing Act, 1921, and the full text is given below*

An Act to amend the law relating to the sale and supply of intoxicating liquor, and for purposes in connection therewith [17th August, 1921]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows—

### PART I

#### CONDITIONS OF SALE, ETC., OF INTOXICATING LIQUOR

1.—(1) The hours during which intoxicating liquor may be sold or supplied on week days in any licensed premises or club, for consumption either on or off the premises, shall be as follows, that is to say—eight hours, beginning not earlier than eleven in the morning and ending not later than ten at night with a break of at least two hours after twelve (noon).

Provided that—

(a) in the application of this provision to the metropolis "one" shall be substituted for "eight," and "eleven at night" shall be substituted for "ten at night"; and

(b) the licensing justices for any licensing district outside the metropolis may by order, if satisfied that the special requirements of the district render it desirable, make, as respects their district, either or both of the following directions—

(i) that this provision shall have effect as though "eight and a half" were substituted for "eight" and "half past ten at night" were substituted for "ten at night";

(ii) that this provision shall have effect as though some hour specified in the order earlier than eleven, but not earlier than nine, in the morning were substituted for "eleven in the morning".

(2) Subject to the foregoing provisions, the permitted hours on week days shall be such as may be fixed, in the case of licensing premises by order of the licensing justices of the licensing district, and in the case of a club in accordance with the rules of the club.

Provided that, pending any decision under this sub-section, the permitted hours on week days shall be—

(a) in the metropolis, the hours between half past eleven in the morning and three in the afternoon, and between half past five in the afternoon and eleven at night; and

(b) elsewhere, the hours between half past eleven in the morning and three in the afternoon, and between half past five in the afternoon and ten at night.

2.—(1) The hours during which intoxicating liquor may be sold or supplied on Sundays, Christmas Day and Good Friday in any licensed premises or club, for consumption either on or off the premises shall be as follows, that is to say, five hours, of

which not more than two shall be between twelve (noon) and three in the afternoon, and not more than three between six and ten in the evening:

Provided that in Wales and Monmouthshire there shall be no permitted hours for licensed premises on Sundays, or on Christmas Day when it falls on a Sunday.

(2) Subject to the foregoing provisions, the permitted hours on Sundays shall be such as may be fixed, in the case of licensed premises by order of the licensing justices of the licensing district, and in the case of a club in accordance with the rules of the club.

Provided that, pending any decision under this sub-section, the permitted hours on Sundays, Christmas Day and Good Friday, shall be the hours between half past twelve and half past two in the afternoon, and the hours between seven and ten in the evening.

3.—(1) The provisions of this Act as to permitted hours on week-days shall, as respects licensed premises or clubs to which this section applies, have effect, if the holder of the licence or the committee of the club so elects, as though one hour were added at the end of the permitted hours in the evening.

Provided that any intoxicating liquor sold or supplied during that hour shall be sold or supplied only for consumption at a meal supplied at the same time in such portion of the premises as is usually set apart for the service of meals, and no person shall consume or be permitted to consume any intoxicating liquor on the premises during that hour except at such meal, and any drinking bar in the said premises shall be closed during that hour.

(2) This section applies to any licensed premises or clubs if and so long as the licensing justices are satisfied that they are structurally adapted and *bona fide* used or intended to be used for the purpose of habitually providing, for the accommodation of persons frequenting the premises, substantial refreshment, to which the sale and supply of intoxicating liquor is ancillary.

(3) The holder of the licence, or the secretary of the club, shall give not less than fourteen days' previous notice in writing to the superintendent of the police of the district wherein the premises are situate of the date on which he intends to begin to avail himself of the provisions of this section, and on and after that date shall affix and keep permanently affixed in some conspicuous place in the premises a notice to the effect that the provisions of this section apply to the premises, and the said provisions shall apply accordingly for the period of the current licensing year, and shall continue to apply unless the holder of the licence or secretary gives not less than fourteen days' notice in writing before the expiration of any licensing year to the superintendent of the police aforesaid that he intends to cease to avail himself of the provisions of this section, in which case the said provisions shall cease to apply at the end of that year.

4. Subject to the provisions of this Part of this Act, no person shall, except during the permitted hours—

(a) either by himself, or by any servant or

agent, sell or supply to any person in any licensed premises or club any intoxicating liquor to be consumed either on or off the premises, or

- (b) consume in or take from any such premises or club any intoxicating liquor

5. Nothing in the foregoing provisions of this Part of this Act shall be deemed to prohibit or restrict—

- (a) the sale or supply to, or consumption by, any person of intoxicating liquor in any licensed premises or club where he is residing, or
- (b) the ordering of intoxicating liquor to be consumed off the premises, or the despatch by the vendor of liquor so ordered, or
- (c) the supply of intoxicating liquor for consumption on licensed premises to any private friends of the holder of the licence *bona fide* entertained by him at his own expense, or the consumption of intoxicating liquor by persons so supplied, or
- (d) the consumption of intoxicating liquor with a meal by any person in any licensed premises or club at any time within half an hour after the conclusion of the permitted hours, provided that the liquor was supplied during permitted hours and served at the same time as the meal and for consumption at the meal, or
- (e) the sale of intoxicating liquor to a trader for the purposes of his trade, or to a club for the purposes of the club, or
- (f) the sale or supply of intoxicating liquor to or in any canteen where the sale of intoxicating liquor is carried on under the authority of a Secretary of State or the Admiralty, or to any authorised mess of officers or non-commissioned officers of His Majesty's naval, military or air forces.

6. (1) The foregoing provisions of this Act shall have effect in lieu of section fifty-four of, and the Sixth Schedule to, the Licensing (Consolidation) Act, 1910, but (subject as hereinafter provided in this Act), all the other provisions of that Act with respect to closing hours shall continue in force.

(2) The provisions of the Licensing (Consolidation) Act, 1910, specified in Part I. of the First Schedule to this Act shall be repealed, and the provisions of that Act specified in Part II. of that Schedule shall have effect subject to the modifications provided for in that Part of that Schedule.

7. (1) No person shall either by himself or by any servant or agent—

- (a) sell, supply, distribute, or deliver, or induce any person to sell, supply, distribute or deliver any intoxicating liquor from any van, barrow, basket or other vehicle or receptacle, unless before the liquor is despatched it has been ordered and the quantity, description and price thereof, together with the name and address of the person to whom it is to be supplied, has been entered in a delivery book or invoice, which shall be carried by the person delivering the liquor, and in a day book which shall be kept on the premises from which the liquor is despatched, or

- (b) carry or convey in any van, barrow, basket or other vehicle or receptacle, while in use for the distribution or delivery of intoxicating liquor, any such liquor not entered in such delivery book or invoice and day book, or

- (c) distribute or deliver any intoxicating liquor at any address not specified in such delivery book or invoice and day book, or

- (d) refuse to allow any constable to examine such van, barrow, basket or other vehicle or receptacle, or such delivery book or invoice.

Provided that the holder of a licence shall not be liable to any penalty under this section in respect of an offence committed by his servant or agent if he proves that such offence was committed without his knowledge or consent.

(2) Nothing in this section shall be deemed to prohibit or restrict the sale, supply, distribution, or delivery of intoxicating liquor to a trader for the purposes of his trade, or to a club for the purposes of the club.

8. (1) No person shall—

- (a) either by himself or by any servant or agent sell or supply in any licensed premises or club any intoxicating liquor to be consumed on the premises, or

- (b) consume any intoxicating liquor in such premises or club,

unless it is paid for before or at the time when it is sold or supplied.

Provided always that, if the liquor is sold or supplied for consumption with a meal supplied at the same time and is consumed with such meal, this provision shall not be deemed to be contravened if the price of the liquor is paid together with the price of such meal.

(2) Nothing in this section shall be deemed to prohibit or restrict the sale or supply of intoxicating liquor to or in any canteen where the sale of intoxicating liquor is carried on under the authority of a Secretary of State or the Admiralty or to any authorised mess of officers or non-commissioned officers of His Majesty's naval, military or air forces.

9. No person shall, either by himself or by any servant or agent in any licensed premises or club, sell or supply to any person, as the measure of intoxicating liquor for which he asks, an amount exceeding that measure.

10. In determining whether an offence has been committed under the enactments relating to the sale of food and drugs by selling to the prejudice of the purchaser whisky, brandy, rum or gin not adulterated otherwise than by any admixture of water, it shall be a good defence to prove that such admixture has not reduced the spirit more than thirty-five degrees under proof, and section six of the Sale of Food and Drugs Act, 1879, is hereby repealed.

11. If, under the laws relating to the excise for the time being in force, any liquor, being liquor to which this section applies, may be sold, whether wholesale or by retail, without an excise licence, that liquor shall not be deemed to be beer or an intoxicating liquor within the meaning of the Licensing (Consolidation) Act, 1910, or to be beer or an excisable liquor within the meaning of the Licensing (Scotland) Act, 1903.

The liquor to which this section applies is any liquor which, whether made on the licensed premises of a brewer of beer for sale or elsewhere, is found, on analysis of a sample thereof at any time, to be of an original gravity not exceeding one thousand and sixteen degrees and to contain not more than two per cent of proof spirit.

12.—(1) The powers of the licensing justices under this Part of this Act may be exercised by them, in accordance with such procedure as may be prescribed by rules made by the Secretary of State, at their general annual licensing meeting, or at any transfer sessions held before the first general annual licensing meeting held after the passing of this Act.

(2) Subject to the provisions of this Act, and of the Licensing (Consolidation) Act, 1910, an order of licensing justices under this Part of this Act—

- (a) shall apply to all licensed premises and, if applicable to clubs, to all clubs in their district; and
- (b) may be varied by a subsequent order; and
- (c) shall be published in such manner as the Secretary of State may prescribe.

(3) A document purporting to be issued by licensing justices under this Part of this Act shall be evidence of the contents thereof.

13. The rules of every club contained in the register required to be kept under section ninety-two of the Licensing (Consolidation) Act, 1910, shall include a statement of the permitted hours applicable to that club.

14. If any person contravenes or fails to comply with any provision of this Part of this Act, he shall be guilty of an offence against this Act, and any person guilty of an offence against this Act shall be liable on summary conviction to a fine not exceeding thirty pounds.

#### PART IV

##### WINDING UP OF CENTRAL CONTROL BOARD (LIQUOR TRAFFIC)

15.—(1) The Intoxicating Liquor (Temporary Restriction) Act, 1914, and the Defence of the Realm (Amendment) (No. 3) Act, 1915, are hereby repealed, and (subject as hereinafter provided) any regulations or orders made thereunder shall cease to have effect, and the Central Control Board (Liquor Traffic) (hereinafter referred to as the Board) is hereby abolished.

(2) Any property (whether real or personal) vested at the time of the commencement of this Part of this Act in the Board or their trustees is hereby transferred to and vested in the Secretary of State as respects property in England, and in the Secretary for Scotland as respects property in Scotland.

(3) If the Secretary of State or the Secretary for Scotland is satisfied that any property vested in him by this Act is no longer required, he may sell or otherwise dispose of it in such manner as he may think fit.

16.—(1) Until Parliament otherwise determines, the schemes of State management of the liquor trade established by the Board under the Defence of the Realm (Liquor Control) Regulations, 1915, in the districts defined in the Second Schedule to this Act (on this Act referred to as State Management Districts) may be continued, by the Secretary of State as respects districts in England, and by

the Secretary for Scotland as respects districts in Scotland. For this purpose, such of the said regulations as are contained in the extract therefrom which is set out in the Third Schedule to this Act are hereby continued in force in their application to those districts, and shall, to that extent, have effect as if enacted in this Act.

Provided that references to the Secretary of State or the Secretary for Scotland, as the case may require, shall be substituted for references to the Board, and a reference to an offence against this Act shall be substituted for the reference to a summary offence against the Defence of the Realm (Consolidation) Regulations, 1914.

Provided also that the power to acquire premises compulsorily shall apply only in the Cardiff district.

(2) The powers of the Board to carry on business shall, so far as concerns any premises in which the Board was carrying on business at the date of the passing of this Act, be transferred to the Secretary of State or the Secretary for Scotland, as the case may require, and exercisable by him accordingly.

(3) The Secretary of State and Secretary for Scotland shall appoint such persons as they think fit to act as local advisory committees for the purpose of assisting them in the management of the State Management Districts, and pending any such appointment the persons acting as local advisory committees in those districts at the date of the passing of this Act, shall be the local advisory committees.

(4) The Secretary of State and the Secretary for Scotland shall cause such accounts to be kept, in relation to the State Management Districts, as the Treasury may direct, and shall cause an annual report to be presented to Parliament as to their procedure in connection with the management of those districts.

(5) In connection with any transfer effected by this Part of this Act, the provisions set out in the Fourth Schedule to this Act shall have effect.

17. This Part of this Act shall come into operation at the expiration of two months from the passing of this Act.

Provided that—

- (a) subject as hereinafter provided, any orders made by the Board under the Defence of the Realm (Liquor Control) Regulations, 1915, and in force at the date of the passing of this Act, shall cease to have effect as from the commencement of Part I of this Act; and
- (b) the Defence of the Realm (Liquor Control) Regulations, 1915, shall continue in force until the expiration of the said two months whether or not the war previously terminates; and
- (c) any order made by the Board under which the sale or supply of intoxicating liquor in any licensed premises or club in any area is permitted at hours other than those applicable to licensed premises and clubs generally in that area shall continue in force until the expiration of the said period of two months; and
- (d) any certificate of the Board by virtue of which any person was, at the date of the passing of this Act, entitled to sell or supply intoxicating liquor shall remain in force until the expiration of such time as will enable an application by that person for a justices' licence to be made and dealt with.

## PART III

## GENERAL

18. The provisions of this Act with respect to licensed premises apply to any premises or place where intoxicating liquors are sold by retail under a licence, and apply to any premises where the Secretary of State or Secretary for Scotland carries on business as the successor of the Board as though such premises were licensed premises.

19. In section thirteen of the Gaming Act, 1845 (which relates to the time when billiard playing is allowed), the following words shall be repealed, that is to say, "and every person holding a victualler's licence who shall allow any person to play at such table, board, or instrument kept on the premises specified in such victualler's licence at any time when such premises are not by law allowed to be open for the sale of wine, spirits, or beer, or other fermented or distilled liquors."

20. For the purposes of this Act—

The expression "club" means registered club.  
The expression "metropolis" means the administrative county of London, with the addition of any area which, though not within the administrative county of London, is within the four mile radius from Charing Cross.

The expression "permitted hours" means as respects any licensed premises or club the hours on any day during which intoxicating liquor may be sold or supplied therein, and

The expression "conclusion of the permitted hours" means the end of the period in the afternoon or evening (as the case may be) during which the sale or supply of intoxicating liquor for any purpose is permitted.

21.—(1) This Act shall apply to Scotland subject to the following modifications—

(a) The Secretary for Scotland shall, unless the context otherwise requires, be substituted for the Secretary of State, "real" shall mean "heritable", "personal" shall mean "movable", "intoxicating liquor" shall mean "exciseable liquor", "licence" and "justices' licence" shall mean a certificate as defined in Part VI of the Licensing (Scotland) Act, 1903, "licensing justices" shall mean "licensing court", a reference to a licensing district shall be construed as a reference to any burgh, county, or district for which there is a separate licensing court, references to the annual general licensing meeting and to transfer sessions shall be construed respectively as references to the April and the October half yearly meetings of a licensing court, and references to the Licensing (Scotland) Act, 1903 to 1913, shall be substituted for references to the Licensing (Consolidation) Act, 1910.

(b) The section of this Act whereof the marginal note is "Permitted hours on Sundays" shall not apply except as regards clubs.

(c) The sections of this Act whereof the marginal notes are "Application and adaptation of Licensing Act," "Statement to be included in club rules," and "Penalties," shall not apply.

(d) The provisions of this Act as to the hours during which exciseable liquor may be sold, supplied or consumed in licensed premises on week days shall be substituted for the provisions of the Licensing (Scotland) Acts, 1903 to 1913, as to the hours during which such sale, supply or consumption is permitted on week days, provided that the hour which the licensing court may direct to be substituted for eleven in the morning shall be not earlier than ten, and any reference in the said Acts to the hours when such sale, supply, or consumption is lawful or unlawful, or to hours of opening or closing, shall be construed accordingly.

(e) Subject to the provisions of sections forty and fifty-five of the Licensing (Scotland) Act, 1903, as amended by any subsequent enactment, it shall, notwithstanding the terms of any certificate for the sale by retail of exciseable liquors in force at the passing of this Act, not be lawful for the holder thereof to sell or supply, or permit to be consumed, exciseable liquor on weekdays, except in accordance with the provisions of this Act as to the hours during which such sale, supply, or consumption is permitted.

(f) If any person being the holder of a certificate for the sale by retail of exciseable liquors shall contravene or fail to comply with any of the provisions of this Act, he shall be deemed guilty of a breach of his certificate, and if any other person shall contravene or fail to comply with any of the said provisions, he shall be guilty of an offence and shall be liable to a penalty of ten pounds.

(g) In order that any club may be eligible to be registered under the Licensing (Scotland) Acts, 1903 to 1913, the rules shall include a statement of the permitted hours applicable to the club.

(h) The proviso to section thirty-five, and sections fifty-six and fifty-three of the Licensing (Scotland) Act, 1903, and section seven of the Temperance (Scotland) Act, 1913, are hereby repealed.

(i) The Secretary for Scotland may by order make such adaptations in the forms contained in the Sixth Schedule to the Licensing (Scotland) Act, 1903, as may seem to him necessary to make those forms conform with the provisions of this Act.

(2) This Act shall not apply to Ireland.

22.—(1) This Act may be cited as the Licensing Act, 1921.

(2) This Act shall be construed as one with the Licensing (Consolidation) Act, 1910, and that Act and this Act may be cited together as the Licensing Act, 1910 and 1921.

(3) This Act as it applies to Scotland shall be construed as one with the Licensing (Scotland) Acts, 1903 to 1913, and those Acts and this Act as it so applies may be cited together as the Licensing (Scotland) Acts, 1903 to 1921.

(4) Save as otherwise expressly provided, this Act shall come into operation at the expiration of fourteen days after the passing thereof.

## SCHEDULES

## FIRST SCHEDULE

## PART I

PROVISIONS OF LICENSING (CONSOLIDATION)  
ACT, 1910, REPEALED

Section fifty-four

Section fifty-six

Subsection (2) of section fifty-eight from "and the provisions of this Act" to the end of the subsection

Section sixty-one

Section sixty-two

The sixth schedule

## PART II

MODIFICATIONS OF LICENSING (CONSOLIDATION)  
ACT, 1910

In sections fifty-five, fifty-seven, fifty-nine, and eighty-four, the reference to the provisions of that Act relating to general closing hours shall be deemed to be a reference to the provisions of this Act as to permitted hours.

Sections fifty-five and fifty-seven shall apply to clubs as they apply to licensed premises with the substitution of references to the secretary of the club for references to the holder of a justices' on-licence.

In section fifty-nine the reference to the sixth schedule of that Act shall be deemed to be a reference to the provisions of this Act as to permitted hours.

Section sixty-four shall have effect notwithstanding the provisions of this Act as to permitted hours.

## SECOND SCHEDULE

## STATE MANAGEMENT DISTRICTS IN ENGLAND

## 1 The Carlisle district:—

The city of Carlisle, the petty sessional divisions of Cumberland Ward and Maryport, so much of the petty sessional division of Wigton as lies to the north-west of a line drawn parallel to and one quarter of a mile south-east of the main road from Carlisle to Cocker-mouth, the petty sessional division of Longtown, (except the parishes of Nichol Forest, Solport, Trough, Bellbank, and Bewcastle), and the parishes of Botch and Threapland, Plumbland, Oughterside and Allerby, Gilcrux, Tallentire, Dovenby, and Broughton Moor, in the petty sessional division of Cocker-mouth, all in the county of Cumberland.

## 2 The Enfield Lock district:—

The district comprised within a circle having a radius of six hundred yards from the premises known as the Greyhound Tavern situated in Ordinance Road, Enfield Lock, in the county of Middlesex.

## STATE MANAGEMENT DISTRICTS IN SCOTLAND

## 1 The Cromarty Firth district:—

The burghs of Cromarty, Dingwall, and Invergordon, and the parishes of Kosskeen, Ainess, Kiltearn, Dingwall, Urquhart, Resohs, Cromarty, and Fodderty (except the special water district of Strathpeffer), in the county of Ross and Cromarty.

## 2 The Greta district:—

The burgh of Annan, and the parishes of Annan, Canonbie, Commertrees, Dornock, Greta, Half Morton, Hoddum, Kirkpatrick-Fleming and Middlebie, in the county of Dumfriesshire.

## THIRD SCHEDULE

EXTRACT FROM THE DEFENCE OF THE REALM  
(LIQUOR CONTROL) REGULATIONS, 1915

3. The Board may by order prohibit the sale by retail, or the supply in clubs or licensed premises, of intoxicating liquor within the area, or any part thereof specified in the order, by any person other than the Board, and if any person contravenes or fails to comply with the order he shall, without prejudice to any other penalty, be guilty of a summary offence against the Defence of the Realm (Consolidation) Regulations, 1914.

Provided that the order may except from the provisions thereof any specified class or classes of premises or clubs.

5. The Board may either themselves or through any agents, establish and maintain in the area, or provide for the establishment and maintenance in the area, of refreshment rooms for the sale or supply of refreshments (including, if thought fit, the sale or supply of intoxicating liquor) to the general public, or to any particular class of persons, or to persons employed in any particular industry in the area.

6. Where the Board consider that it is necessary or expedient for the purpose of giving proper effect to the control of the liquor supply in the area, they may acquire compulsorily or by agreement, either for the period during which these regulations take effect or permanently, any licensed or other premises in the area, or any interest in any such premises.

Provided that the Board may, in lieu of acquiring any interest in such premises, take possession of the premises and any plant used for the purposes of the business carried on therein for all or any part of the period during which these regulations take effect, and use them for the sale or supply of intoxicating liquor or for the purpose of any of the other powers and duties of the Board.

9. The Board may, without any licence (whether justices' or excise, and whether for the sale of intoxicating liquor or otherwise), carry on in any premises occupied by them any business involving the sale or supply of intoxicating liquor, refreshments, or tobacco, and for that purpose shall not be subject to any of the provisions of the law relating to licensing, or to any restrictions imposed by law on persons carrying on such business.

Any person appointed by the Board to conduct any business on their behalf shall have, to such extent as they may be conferred by the Board, the same power as the Board of carrying on business without a licence, but all such persons shall in all other respects, except in such cases and to such extent as the Board may otherwise order, be subject to the statutory provisions affecting the holders of licences, and the occupiers of premises licensed, for any business as aforesaid, in like manner as if they were the holders of the appropriate licences, and to any restriction imposed by law on persons carrying on any such business as aforesaid.

10. The Board shall have power, on any premises in which business is carried on by them or on their

behalf, to provide or authorise the provision of such entertainment or recreation for persons frequenting the premises as the Board think fit, and where such provision is made or such authority is given no licence shall be necessary, and no restrictions imposed by law on the provision of the entertainment or recreation in question shall apply, except to such extent, if any, as the Board may direct

#### FOURTH SCHEDULE

##### PROVISIONS RELATING TO THE TRANSFER OF POWERS, PROPERTY, ETC

1 All rights and liabilities of the Board, whether arising under any contract or otherwise, shall be enforceable by or against the new authority, and in the construction and for the purposes of any Act of Parliament, judgment, decree, order, award, deed, contract, or other document passed, delivered, executed, or made before the transfer to the new authority of any powers or duties, the name of the new authority shall be substituted for the name of the Board or of the trustees of the Board

2 Where anything has been commenced by or

under the direction of the Board, or of the trustees of the Board, before the transfer to the new authority of any powers or duties, such thing may be carried on and completed by or under the direction of the new authority

3 Where at the time of the transfer of any power or duties under this Act any proceedings are pending to which the Board or the trustees of the Board are a party, the new authority shall be substituted in any such proceeding for the Board or the trustees of the Board, and such proceeding shall not abate by reason of the substitution

4 Section two of the Ordnance Board Transfer Act, 1855, (which relates to the vesting of property in the Secretary of State for the War Department) shall apply with the necessary modifications to a property of any description transferred to or vested in or acquired by the new authority under this Act, or the regulations continued by this Act as it applies to property transferred to, vested in or acquired by the Secretary of State under that Act

5 In this schedule the expression "the new authority" means the Secretary of State or the Secretary for Scotland, as the case may require

voluntarily allows it to go out of his possession, but directly he regains the policy the lien revives. Also an innkeeper who has a lien upon a horse may lend it to the owner for exercise without losing his lien. And an unpaid seller of goods may retake possession and set up his lien by exercising the right of stoppage *in transitu* (*q v*).

Possessory liens are divided into two classes: Particular and general. A particular lien is a right which arises in connection with the goods as to which the debt arose. The most common instances are those of a carrier, who can retain the goods delivered to him for carriage until his charges are paid; a tradesman or labourer, who is not bound to give up goods upon which he has expended labour unless he is rewarded for the same, and a warehouseman, who is entitled to recompense for the trouble to which he has been put. But, in addition to these liens, which are implied by law, the owner of goods and the possessor may create a particular lien over the same by express agreement between themselves.

A general lien, which arises from custom or contract, is a right to detain goods not only for debts incurred in connection with them, but also for a general balance of account between the owner and the possessor. The most common instances of general lien are those of factors, bankers, auctioneers, stockbrokers, wharfingers, and, in some instances, insurance brokers. The general lien of a solicitor is of sufficient importance to be considered more fully. For his professional charges a solicitor is entitled to retain all papers of his client which come into his possession, and he has, moreover, a lien on all moneys recovered in an action. But he cannot refuse to produce any of the papers if they are required in any particular action. In such a case the solicitor is served with a *subpoena duces tecum* (*q v*), and the fact that the solicitor's costs are unpaid is no answer to such a subpoena.

A banker has a lien upon all negotiable securities deposited with him in his capacity as banker, by custom, unless there is an express contract, or there are circumstances showing an implied contract inconsistent with the lien. The lien is not affected by reason that the negotiable securities do not belong to the person depositing them if the banker is unaware of the fact. A banker has no lien on securities which are deposited for some particular purpose. For example, it has been held that where a conveyance of two separate properties was deposited, with a memorandum of charge upon only one of the properties, the banker had not a general lien upon the other property. Bills and documents left for collection are part of the banker's ordinary business, and he has a lien upon them. A banker, as a gratuitous bailee, has no lien upon articles left for safe custody.

A possessory lien, to whichever class it belongs, does not give the possessor any right to deal with the goods except such as belong to the possessor merely. Thus, he has not a right of sale, except in so far as a statutory authority has been conferred upon him, *e g.*, in the cases of an innkeeper, or of a wharfinger. The parties themselves, however, may agree that there shall be such a right, and this agreement will override the general rule of law.

A lien is lost or extinguished if the possessor surrenders possession of the subject-matter, or agrees to give credit for the amount due, or to accept some other security for the debt owing to

him. But the whole of the facts of each case must be considered, in order to see whether the actual surrender or the taking of the security (as the case may be) is inconsistent with the existence of the lien or destructive of it.

An equitable lien is a lien which has nothing whatever to do with possession. It is a right to have a specific portion of property dealt with in a particular way for the satisfaction of a specific claim.

**LIFE ANNUITY.**—A payment of a specified sum—quarterly, half-yearly, or annually—which lasts during the life or lives of the person or the persons who is or are entitled to the same. If the annuity is payable to one person only, it ceases upon his or her death, but as all payments of this kind are payable from day to day, should the death take place between the dates of two payments, there is an apportionment (*q v*). If the annuity is secured on the lives of two or more persons, the payment ceases upon the death of the last of them, apportionment applying in this case also. • • •

**LIFE ASSURANCE.** (See LIFE INSURANCE)

**LIFE ESTATE.**—This is an estate of interest which is held by a person during his own life, or during the life of another person—an estate *pur autre vie*. The beneficiary is known as the tenant for life. In order to preserve great estates as intact as possible, it has been the common practice in England for many years past to create settlements in such a manner that alienation is extremely difficult on the part of a spendthrift tenant. Whatever charges he creates have no effect beyond his own life. Whilst it is still impossible for a tenant for life to dissipate an estate, as far as those who come after him are concerned, the policy of the various Settled Land Acts has been to allow considerable freedom in dealing with landed estates, the law only taking care that the capital representing the value of the land shall be kept as nearly as possible intact.

**LIFE, EXPECTATION OF.**—(See EXPECTATION OF LIFE)

**LIFE INSURANCE.**—It is a noteworthy fact that most classes of events arising out of a large body of circumstances tend to occur in approximately similar numbers, year after year, if the constitution and the magnitude of the sources remain approximately uniform. Taking, for example, the whole population of Great Britain, the number of marriages, the number of suicides, the number of persons adjudicated bankrupt, etc., do not show wide fluctuations from year to year, and this feature is also observable in the number of deaths recorded in a community when the statistics of several years are compared. The date of death of an individual is usually in the highest degree uncertain; yet it is quite safe to say that the deaths in Great Britain for the present year will not be far from fifteen per thousand of the total population.

This observed uniformity in the incidence of mortality has rendered life assurance possible. Repeated investigations have confirmed the fact that not only does mankind in the mass (when persons of all ages are included) show a steady death rate, but that when the mass is classified into groups, according to attained age, each group exhibits a similar phenomenon, the death rates, or, more correctly, the rates of mortality, increasing steadily after infancy with the age of the group. Bearing this latter fact in mind, it is an obvious fallacy to compare the death rates of two communities unless it is known that the distribution



of the population, according to attained age, is similar in each case.

The rates of mortality experienced at each age of life for the whole of England and Wales have been investigated six times, the results being embodied in an "English Life Table" on each occasion. The latest of the series—"The English Life Table, No. 6"—was constructed from the results of the two censuses of 1891 and 1901, and the recorded deaths for the years 1891 to 1900. Long before the first English Life Table, many smaller investigations had been published by private individuals, the most famous of which are the "Northampton Table," based on the burials in Northampton during the years 1735 to 1780, constructed by Dr. Price, and the "Carlisle Table," founded on the population of two parishes of Carlisle in 1780 and 1787, and the deaths which occurred in the years 1779 to 1787, which was the work of Joshua Milne. These two tables have been extensively used by life insurance companies in the past, both for the calculation of premiums and for valuations, but the Northampton Table is now entirely superseded, and the Carlisle Table nearly so.

The English Life Table, No. 3, based on the censuses of 1841 and 1851, and the deaths in the years 1838 to 1854, is used by most of the industrial offices, both for the calculation of premiums and for the valuation of their liabilities, but the ordinary offices employ for the same purpose tables which have been compiled from the mortality experience of the offices themselves. An industrial office draws its lives assured mainly from the artisan classes, without any medical examination in a great many cases; and it is appropriate that a table based on the general population should be used. On the other hand, the lives assured by an ordinary office come, as a rule, from the professional and business sections of the community, and are only admitted after a searching medical examination, hence it is to be expected that the rates of mortality experienced will be lighter than those of the general population. This is borne out by investigations which have been made, amongst which stand out prominently the Institute of Actuaries' "Healthy Males Table" and the "British Offices Tables." The first-named table was formed from the mortality experience of twenty British offices, and was published in 1869. It was very soon recognised as the standard table for ordinary life insurance practice, and held the field until the publication of the British Offices Tables. These are based on the mortality experience of sixty British offices during the period 1863 to 1893, and were constructed and published by

the Institute of Actuaries and the Faculty of Actuaries jointly. The Healthy Males Table (symbolised by the letters Hm) included all classes of policies, both with profit and without profit; but the latest investigation has been subdivided into many classes, not only according to sex, but also according to form of policy, since it is now known that the rates of mortality experienced by life offices depend not only on the ages of the lives, but also on the form of policy. The general rule is that the higher the premium for a fixed sum assured, the lighter is the rate of mortality; and it is explained by the "selection" the life is able to exercise against the office. A man may not feel in the best of health, and yet be able to pass the medical examination, but in such a case the tendency is to take a whole life insurance, or even a temporary insurance, in preference to an endowment insurance, since more "cover" or amount of immediate insurance can be obtained for a given premium in the former case than in the latter. Accordingly, the worse lives tend to effect the cheapest forms of policy, which is only partly checked by the more stringent medical examination, which is usually conducted when such a proposal is made. The particular division of the British Offices experience, which has been adopted for valuation purposes in most cases, is that based on male lives insured under whole life with profit policies (symbolised by the letters Om), and the results brought out by the use of this table agree closely with those obtained by the use of the older Hm Table.

The form a mortality table takes is very simple, as it consists essentially of one column of figures only, showing out of a certain number of lives, either just born or all of a fixed age (such as 10 or 20), how many survive to the end of one year, two years, and so on, until all have passed away by death, the column usually coming to an end about age 100. This column is called the "Column of Living," and each number in it is denoted by the letter "l," with a suffix added showing the age attained. Thus,  $l_{50}$  denotes the number who attain age 50 out of the larger number born or commencing at an earlier age. The differences between the successive numbers in the "column of living" are usually set down in a parallel column, thus showing the numbers who die in each successive year. These numbers are denoted by the letter "d," with a suffix added. Thus,  $d_{50}$  denotes the number of lives who attain age 50, but who die before they reach age 51.

The following table illustrates the preceding remarks. It is a portion of the Hm Table, which commences with 100,000 lives all aged 10—

Hm TABLE.

| Age attained | Living ("l"). | Dying ("d"). | Age attained. | Living ("l"). | Dying ("d"). |
|--------------|---------------|--------------|---------------|---------------|--------------|
| 10           | 100,000       | 490          | 93            | 469           | 195          |
| 11           | 99,510        | 397          | 94            | 274           | 139          |
| 12           | 99,113        | 329          | 95            | 135           | 86           |
| 13           | 98,784        | 288          | 96            | 49            | 40           |
| 14           | 98,496        | 272          | 97            | 9             | 9            |
| 15           | 98,224        | 282          | 98            | 0             | —            |

(Inserted by permission of the Council of the Institute of Actuaries)

By means of the complete table all questions involving money payments dependent on human life can be solved. In other words, the correct values of premiums, either single or annual, for life insurance, or the proper purchase money for life annuities, can be ascertained. The underlying principle in such calculations is that if a large number of similar policies are effected, the manner in which these policies will fall in can be ascertained by the table, and the total discounted cost of the claims can thus be calculated. The total cost is divided by the number of contracts, and the result is the proper single premium to charge for each. For example, supposing the benefit to be £1 payable on the death of a person now aged 93, it is seen from the mortality table that out of 469 people who are living at age 93, 195 die in the following year, 139 in the second year, 86 in the third year, 40 in the fourth year, and 9 in the fifth year, all now being dead. The total of the single premiums to be paid at entry by the 469 lives is clearly that sum which, improved at an agreed rate of interest yearly, will provide these claims as they fall due, the fund being entirely exhausted when the last claim is paid.

The calculation, assuming a rate of interest of 3 per cent, is as follows, all claims being paid at the end of the year of death—

| £195 will be payable at end of first year |   |   |        | Discounted value is | £189 |
|---|---|---|--------|---------------------|------|
| 139                                       | " | " | second | "                   | 131  |
| 86  | " | " | third  | "                   | 79   |
| 40  | " | " | fourth | "                   | 36   |
| 9   | " | " | fifth  | "                   | 8    |
| Total discounted value of the claims is   |   |   |        |                     | £443 |

Therefore each life should pay £195 as the single premium for his insurance

The value of a life annuity is calculated in a similar manner. Taking the age of the life to be 93 and the annual payment £1, it is seen that out of 469 lives aged 93, 274 are alive at the end of the first year, 135 at the end of the second year, 49 at the end of the third year, and 9 at the end of the fourth year, and no life survives to the end of the fifth year. Since the annuity is payable to each survivor, the following amounts will be required at the end of successive years—

| £274 will be payable at end of first year  |   |   |        | Discounted value is | £266 |
|--|---|---|--------|---------------------|------|
| 135  | " | " | second | "                   | 127  |
| 49   | " | " | third  | "                   | 45   |
| 9  | " | " | fourth | "                   | 8    |
| Total discounted value of the annuities is |   |   |        |                     | £446 |

Therefore each annuitant should pay £446 as the purchase money for his annuity.

The annual premium for a benefit is obviously of the nature of an annuity, and is obtained by calculating the single premium, and also the cost of an annuity of £1 due at the beginning of each year entered on. The equivalent annuity to the single premium is obtained by dividing the single premium by the cost of the £1 annuity, the result being the annual premium. The cost of the special annuity, which is called an annuity-due, is simply the cost of the ordinary annuity increased by unity, if payable throughout life. Thus, using the result

of the two previous calculations, it is found that the annual premium for an assurance of £1 payable on the decease of a life aged 93 is—

$$\frac{£446}{£195} = £2.287$$

In the practical calculation of the premium rates for various forms of life insurance and annuities, the actuary is assisted by numerous subsidiary tables, based on the mortality table in combination with various rates of interest. "Commutation Tables" afford a means of arriving quickly at almost any result by the combination of a few numbers taken therefrom, according to the proper formula for the case. "Conversion Tables" enable the single or annual premium for a benefit to be obtained by inspection, if the appropriate annuity value is known.

Such calculations as described above proceed on the assumption that the lives will die exactly according to the mortality table, and the results are called "net premiums." This assumption is, however, rarely realised in practice, since fluctuations in the rates of mortality on either side are nearly inevitable. For this reason, and also to provide for the expenses of administration, an office always increases the net premiums by an addition called "loading," the results being known as

"office premiums," and appearing in the prospectus of the office.

For examples of net and office premiums, the subdivisions under this article—*Endowment Insurance* and *Life Insurance Schemes*—should be consulted.

The primary object of a life insurance office is to average losses by taking small contributions from the many and paying out much larger sums to the few. Accordingly, if each year's contributions

paid for the year's claims, the only liability under the policies at each calendar year-end would be for the various fractions of a policy year unexpired but paid for, that is, life insurance would resemble fire insurance in this respect, and a reserve of about 50 per cent of the year's premium income would be all that was required. The large majority of life insurance contracts are, however, made to run for many years, and a fixed or level premium is paid year by year until the claim arises, consequently, it is necessary for a premium

to be charged which, at the outset, is more than that required to cover a year's risk to compensate for the later years, when the yearly premium is insufficient to cover a year's risk. The balances of the early premiums not required to cover the risk of death have to be carefully set aside by the company, and accumulated at interest, and thus what is usually called the life insurance fund of the company is built up. The mistake is sometimes made of supposing that the accumulated funds of life insurance companies, are profits made out of the business and held undivided. This is not the case: if the companies ceased to accept new policyholders, and simply allowed the existing contracts to work off by death or maturity, the funds would gradually be drawn upon for the purpose of paying claims, which the annual premium income alone in time would be unable to meet; and, in theory—though this, of course, would not be absolutely realised in practice—when the last claim had been paid the funds would thereby be completely exhausted.

In practice, a fixed sum is not taken out of each premium and credited to the life insurance fund, but the balances arising on the working of the office are invested from time to time in interest-bearing securities. It is evident that the savings of a year will depend both on the rate of expense incurred by the office and on the rate of mortality it experiences amongst its lives assured, a high rate of expense and a high rate of mortality both acting unfavourably on the savings; and, accordingly, it is important that an office should investigate periodically whether its fund is sufficiently large. This is done by means of a "valuation." The existing policies are classified in such a manner that the "present value" of the sums insured can be obtained, that is, the value, when discounted at interest for the time to elapse before payment is to be made. The "present value" of the future premiums payable (less the additions for expenses), under the same policies, is also calculated, and set

off against the "present value" of the sums insured. The difference is called the "liability" under the contracts, and is the sum the office must have in hand if it is solvent. The liability is compared with the life insurance fund, and any excess of the latter over the former is called "surplus," a balance the other way being called a "deficiency."

Under the Assurance Companies Act of 1909, every life insurance company has to make a valuation at least once in every five years, and an abstract of the results has to be submitted to the Board of Trade in a prescribed form, of which the following is an outline—

- 1 The date up to which the valuation is made.
- 2 The general principles adopted in the valuation.
- 3 The table of mortality employed.
- 4 The rate of interest employed.
- 5 The actual proportion of the annual premium income (if any) reserved for future expenses and profits.
- 6 The consolidated revenue account since the last valuation.
- 7 The liability under the policies, to be given in the form below
- 8 The principles upon which the distribution of profits is made.
9. The amount of profit allocated to policyholders, shareholders, reserve funds, and carried forward unappropriated, respectively, and specimens of bonuses allotted to whole life and endowment insurance policies.

Every five years a statement must accompany the valuation abstract, giving—

The published tables of premiums for whole life and endowment insurance,

The existing policies, classified in such a manner that the valuation can be roughly checked;

The annual rate of interest yielded by the life insurance fund since the last valuation;

A table of specimen surrender values allowed for whole life and endowment insurances.

#### SUMMARY AND VALUATION OF THE POLICIES OF THE..... AS AT....., 19...

| Description of Transactions | Particulars of the Policies for Valuation |                          |                        | Valuation.          |   |                        |                     |
|-----------------------------|---|--------------------------|------------------------|---------------------|---|------------------------|---------------------|
|                             | Number of Policies                        | Sums Assured and Bonuses | Office Yearly Premiums | Net Yearly Premiums | Value by the..... Table, Interest... %. |                        |                     |
|                             |   |                          |                        |                     | Sums Assured and Bonuses                | Office Yearly Premiums | Net Yearly Premiums |
|                             |   |                          |                        |                     |   |                        | Net Liability.      |
| Total of the Results        |   |                          |                        |                     |   |                        |                     |

#### VALUATION BALANCE SHEET OF THE..... AS AT....., 19...

To Net Liability under Life Assurance and Annuity Transactions .. .. . £

To Surplus, if any .. .. .

By Life Assurance and Annuity Funds .. .. . £

By deficiency, if any .. .. .

The Act does not lay down any rule as to the rate of interest or the mortality table to be employed in the valuation. These are left entirely to the choice of the office. It is an established fact that the higher the rate of interest used in discounting the sums insured and net premiums, the smaller is the liability brought out; and, also, the liability varies according to the mortality table used. It is important, therefore, that the rate of interest assumed should not be greater than that which the fund is realising and likely to realise in the future; and the mortality table adopted should be suitable to the conditions of the office. At the present day, most offices make a very conservative estimate of the future rate of interest. The mortality table used by most British ordinary offices is either the HM or the OM. There is very little difference in the liability as calculated by these two tables, the OM generally giving a slightly heavier result.

Although primarily a test of solvency, the periodical valuations instituted by most companies are regarded chiefly as a means for ascertaining the amount of profit which can safely be divided amongst the policyholders in the form of bonus, and the details of the valuation are arranged with this end in view. If it was doubtful whether a company was solvent or not, the proper way to ascertain the liability would be to assume a rate of interest and a table of mortality as close as possible to the expected future experience, and to value the office premiums less an abatement for the estimated future annual expense; but when a valuation is being made with the view of ascertaining the divisible profits, the method of distribution of the profits has to be kept in mind. The uniform reversionary bonus, either simple or compound, is the prevailing method in Great Britain (see sub-division under this article—*Division of Life Insurance Profits or Bonuses*); and, under this system, if the rate of bonus is maintained, a policy gets either the same or an increasing reversionary addition to the sum assured at each valuation. This means that the equivalent cash allotment to a policy increases at each valuation, since the date of payment of the policy moneys is continually drawing nearer. The maintenance of a given rate of bonus at successive valuations is, of course, a thing to be desired, and it has been discovered that to do this it is desirable to use in the valuations a rate of interest from  $\frac{1}{2}$  to 1 per cent. lower than that which is being realised on the fund, combined with a mortality table which gives large reserves, like HM or OM. The reason for this will be seen when the origin of surplus, or profits, is explained.

If an office realised exactly the rate of interest assumed in its valuations, experienced exactly the mortality shown by the table used, spent exactly all the premium loadings in expenses, and had no withdrawals, it would show neither surplus nor deficiency at successive valuations. This is never realised in practice, and the surplus which is usually revealed arises mainly from the assumption and the actual experience differing under the heads of interest and expenses.

Surplus from interest arises when the rate realised is greater than that assumed in the valuations, and, since the longer a policy is in force, the larger does the liability under it become, the profit from surplus interest allotted to a policy should increase at successive valuations, since such surplus interest is earned on the increasing reserve

or fund which is held against the liability. The profit from loading not spent remains the same at successive valuations, if the rate of expense remains constant. It is, therefore, seen that the effect of valuing on the basis above described is to entitle a policy to an increasing cash allotment at succeeding valuations, an approximately constant reversionary equivalent being thereby brought out. This is the rationale of what is usually described as an "HM (or OM) 3 per cent net premium valuation." Interest at 3 per cent. is used, although the company may be earning  $3\frac{1}{2}$  to 4 per cent. on its funds, and the present value of the future net premiums only is taken credit for as an asset, the loadings not being brought into account. The result of making reserves to satisfy the requirements of such a valuation is that a reversionary bonus of £1 10s. or more per cent. on the sum assured can generally be maintained year after year.

The cash allowance, or, as it is generally called, the surrender value, which can be paid to a policyholder on his withdrawal from an insurance office is intimately connected with the reserve the office holds against the liability under the policy. The reserve, and, therefore, the surrender value, increases with the duration of the contract, but the amount of the surrender value is always less than the reserve. This is only proper, since the policyholder has broken his contract with the office, which will have to incur expense in obtaining a new policyholder, if the business of the office is not to dwindle. Further, it has been argued that the lives who surrender are, on the average, healthier than those who remain, since a man will do all that he can to avoid surrendering his policy, if he is in a bad state of health; therefore, it is said, those who abandon their policies should not be paid all the reserves held against them, but a proportion should first be deducted so as to augment the reserves held against continuing policies.

The practice with many companies is to calculate the reserve at a higher rate of interest than is assumed in the valuations, as 4 or  $4\frac{1}{2}$  per cent., the effect being to bring out a smaller reserve. A percentage of the result, usually increasing with the duration of the policy, is then taken, and allowed as the surrender value. Sometimes the first year's premium is ignored in the calculation of the reserve, which is then found on the assumption that the policy was effected a year later than is actually the case, the effect being to reduce the reserve. This method is based on the supposition that the first year's premium is entirely absorbed in providing for the cost of a year's insurance, and the heavy initial costs incurred in commission, expenses of issue, and medical examination fee.

The fallacy will now be seen of the argument which is sometimes used to the effect that when an office has not incurred any loss by the connection of a policyholder with it, all the premiums paid ought to be returned if the policyholder desires to abandon the contract. Apart from the existence of expenses of administration, the office has not got in hand all the premiums paid. Part has been used in paying claims on the lives of those persons who have died, and it is only on account of a uniform premium being charged, under the more popular schemes, for an increasing risk, that there is any balance left out of the premiums after paying the claims. For example, short-term temporary insurances do not carry the right to a surrender value,

because the annual premiums charged approximate so closely to the cost of a single year's insurance.

Instead of a surrender value, the policyholder may take its equivalent in the form of a new policy for a reduced amount, payable under the same conditions as the surrendered policy, except that it is not subject to premiums. This is called a "free policy," and the sum assured thereby is, of course, greater than the surrender value, on account of the former only being payable, it may be, many years hence, while the latter is due immediately.

The necessity for the accumulation of a life insurance fund having been demonstrated, it now remains to show how an office carries out this part of its functions.

The cardinal principles of life insurance finance are: Safety of the principal, and, subject to this, the obtaining of as high a rate of interest as possible. The necessity for the first requisite is obvious, when it is remembered that the fund is held in trust, as it were, for the policyholders, and, as regards the second, a high rate of interest on the fund is desirable, because surplus interest is one of the main sources of profits, or bonuses, and the popularity of an office with the public depends very much on the rate of bonus it is able to declare.

Owing to the circumstance that, given a fair influx of new insurances yearly, the fund never needs to be drawn on, an insurance office does not need to hold a large proportion of its assets in liquid securities, as does a bank. It can make investments for long periods, and thereby it is able to command the best rate of interest. For example, mortgages for fixed terms of years, loans to local authorities repayable by instalments spread over a long term, purchases of the reversion to funds, investments in bonds redeemable at a stated price at the expiration of a considerable period are all largely taken advantage of.

Under the Assurance Companies Act of 1909 the classification of investments is as follows:—

Mortgages on property within the United Kingdom.

Mortgages on property out of the United Kingdom.

Loans on parochial and other public rates.

" life interests.

" reversions.

" stocks and shares.

" company's policies within their surrender values.

" personal security.

Investments—

Deposit with the High Court (securities to be specified).

British Government securities.

Municipal and county securities, United Kingdom.

Indian and Colonial Government securities.

" " provincial "

" " municipal "

Foreign Government securities.

" provincial "

" municipal "

Railway and other debentures and debenture stocks—Home and Foreign.

Railway and other preference and guaranteed stocks.

Railway ordinary stocks.

Rent charges.

Freehold ground rents.

Leasehold " "

House property. "

Life interests.

Reversions.

Agents' balances.

Outstanding premiums.

" interest, dividends, and rents.

Interest accrued, but not payable.

Bills receivable.

Cash—

On deposit.

In hand and on current account.

Other assets (to be specified).

1. LIFE INSURANCE SCHEMES. The various forms of policy offered to the public by life offices fall naturally into two divisions: (1) Policies for the benefit of the family of the life insured, or for his own old age, and (2) financial policies, utilised in connection with loans, contingent interests in estates, etc.

To the first class belong the whole life insurance and the endowment insurance, both of which may be effected on a single life or on two or more lives jointly, as, for example, husband and wife. Various forms of policies for the benefit of children also come under this heading.

The whole life insurance is payable on the decease of the person insured, if on a single life, or on the first death, if effected on two or more lives jointly. The endowment insurance provides that the sum insured shall be paid at the end of a fixed term of years, if the life or lives insured are in existence, or immediately at death, should this occur before the expiration of the fixed term. The premiums for these two forms of contract usually fall due at yearly intervals, and continue to be payable until the happening of the event on which the sum assured is payable. "Limited payment" policies, however, can be effected, under which the premiums are limited to a definite term of years, as 5, 10, 15, or 20, in the case of a whole life insurance; and to a less term of years than the endowment period, under an endowment insurance policy.

If a man desires to obtain the greatest amount of protection for his family by a given annual expenditure in premiums, the whole life form of policy should be taken with premiums payable throughout life, since the premium per cent is less than for either a limited payment whole life policy or an endowment insurance. Most persons, however, look forward to retiring from business activities at or soon after age 65, and it appears desirable to effect an endowment insurance maturing at this age, in place of a whole life policy, since, if the policy is taken out at a reasonably early age, the difference in premium is slight. The assured benefits thereby both by the cessation of premiums and the receipt of the policy moneys. (See under this article—*Endowment Insurance*.)

A form of policy which is very popular with young professional men, and others who expect that their incomes will materially increase in the course of a few years, but who desire as much insurance protection as possible at once, is that under which the premiums for the first five years are very low—usually half of the sixth and following premiums, no debt or incumbrance being created thereby on the policy. By this plan a much larger sum assured can be secured by a given outlay of premium during the first five

years than under a whole life level premium policy, the reverse, of course, being the case afterwards.

All the above forms of policy can be taken either "with profits" or "without profits," the premiums under the first class being rather higher in consideration of the assured being allowed to participate in the periodical divisions of profits made by the company. (See under this article—*Distribution of Life Insurance Profits or Bonuses*.)

Policies for the benefit of children are issued in considerable variety. The most simple is the "deferred insurance," under which the sum insured is not at risk until age 21 is attained, the insurance company simply returning the premiums if death takes place before that age is reached. The form of the benefit after age 21 may be either a whole life insurance or an endowment insurance. This description of policy, if effected some years previously, is very suitable for a gift to the child at majority, since the premium payable is much less than would be required for a new and similar insurance at that age; and there is, accordingly, a strong inducement for the recipient to maintain the policy in force. A form of contract known as the "educational annuity" provides for the payment of a fixed annual sum commencing at, say, age 16, and continuing for four, five, or six years. The policy is taken out some years before the attainment of the age at which the payments commence, and may be paid for either by a single premium or by annual premiums ceasing at the specified age. It may be arranged that the death of the parent shall cancel the remainder of the premiums payable, the benefits under the policy continuing unaltered. If the child dies before the commencement of the annuity, the premiums may be returnable or non-returnable (as agreed upon at the issue of the policy), being higher in the former case than in the latter. This description of policy is useful for gradually providing during the earlier years of a child's life for the cost of higher education, or entry into a business or profession.

The principal object of life insurance is to provide for dependents, and for a considerable time the view was taken that the provision of a lump sum payable at death perfectly accomplished this object. It began to be recognised, however, that the investment of the policy moneys in a secure and profitable manner by the survivors may prove difficult, especially in the case of females and young people; and many offices now issue special policies under which the sum insured will be retained by them for, say, twenty years from its becoming due, the office paying interest on it at the rate of 5 per cent. during that time, and at the end handing over the sum insured intact to the beneficiaries. A safe and remunerative investment for a long period is thus guaranteed, and the danger avoided of a disastrous investment by the survivors. This form of policy goes under various names, such as "guaranteed income policy," "deferred policy," or "5 per cent. bond policy." The annual premium is larger, of course, than for the corresponding form of policy which does not carry the right of investment of the policy moneys at 5 per cent.

The "instalment policy" is designed for a similar purpose to that just described, but instead of being retained at interest by the company for a fixed period, the sum insured is divided into, say, twenty equal parts, and these are paid at yearly intervals to the beneficiaries under the policy, and

at the end of the twenty years the office has thereby discharged its obligations under the contract. The premiums for this description of insurance are smaller than those for the corresponding form of contract under which the policy moneys are payable in one sum on the happening of the event insured against, since the office is able to earn interest on the balance of the sum insured in hand from year to year, during the instalment period. A development of the instalment policy provides for the sum insured being paid by equal instalments over a fixed term of years, but if the beneficiary—who has to be named at the issue of the policy—is alive when the end of the term is reached, the instalments do not cease, but are continued until his or her death. This form of policy enables a man to ensure that his wife, for example, if she should survive him, will be in receipt of an income as long as she lives after his decease.

The "discounted bonus" policy affords a means of obtaining life insurance at a minimum cost. The rationale of this description of policy is as follows: If a person takes out a "with profit" policy, he is able to apply the bonuses which are added to his policy from time to time in reduction of the premiums still remaining to be paid, and thus a decreasing premium is actually paid under the contract, the original sum insured only being payable on the happening of the event insured against, if all the bonuses have been applied as described. In such a case the bonuses would only be given up in exchange for reduction of premium as they were declared; and if at any particular valuation no profits were divided, the then existing premium would have to be continued until the next division of profits. With many companies, however, the "passing" of a bonus, as it is technically termed, is a very remote possibility, and, accordingly, in some life office prospectuses, a table is given showing the "with profit" premiums, after being reduced by the application of a yearly bonus, which, it is assumed, would otherwise be added to the policy throughout its entire currency. The bonuses thus anticipated for the future are usually at a rate which is rather less than that which the company has succeeded in maintaining for a considerable time past, and the reduced premiums (which are level, and not decreasing as when the bonuses are only applied at their declaration) are frequently less than the "without profit" rates published in the same prospectus. This appears rather anomalous until it is remembered that in the event of the bonus actually declared at any time falling short of the bonus assumed in calculating the reduction, the sum assured under the discounted bonus policy would be reduced by the difference. On the other hand, the "without profit" policyholder is secure in the knowledge that his sum insured can never be reduced, even though the profits of the company go down to vanishing point. With some companies any excess of bonus actually declared over that anticipated is added to the sum insured under their discounted bonus policies.

A comparative table of the yearly premiums for the various forms of policy payable at death is given on the next page, the sum assured being £100.

Specimen yearly premiums for children's policies are given in the following table, in respect of a sum assured of £100. No medical examination of the child is required.

| Age<br>at<br>Entry. | Deferred Insurance, with profits, com-<br>mencing at age 21. Premiums only<br>returned, without interest, at death<br>before 21 |    |    |  |   |    |     |   |     |    |   |    |    |
|---------------------|---|----|----|--|---|----|-----|---|-----|----|---|----|----|
|                     | At death<br>after 21.   |    |    |  | At death after 21, or on<br>attainment of age |    |     |   |     |    |   |    |    |
|                     |   |    |    |  | 35.   |    | 45. |   | 55. |    |   |    |    |
|                     | £   | s. | d. |  | £   | s. | d.  | £ | s.  | d. | £ | s. | d. |
| 1                   | 0   | 19 | 0  |  | 2   | 4  | 0   | 1 | 10  | 7  | 1 | 2  | 8  |
| 5                   | 1   | 1  | 11 |  | 2   | 13 | 3   | 1 | 17  | 3  | 1 | 6  | 0  |
| 10                  | 1   | 6  | 0  |  | 3   | 9  | 0   | 2 | 5   | 2  | 1 | 11 | 4  |
| 15                  | 1   | 11 | 4  |  | 4   | 12 | 7   | 2 | 17  | 9  | 2 | 18 | 9  |

In the second or financial class may be placed the short term or temporary insurance, the contingent or survivorship insurance, the last survivor insurance, and the sinking fund, leasehold redemption or capital redemption insurance.

The temporary insurance is taken out to cover the risk of death within a comparatively short period, as 1, 3, 5, or 7 years, and if the life survives the term, the insurance automatically comes to an end, though some companies have a scheme under which a term insurance can be converted into one for the whole of life, if application is made a year or so before its expiration. This form of policy is chiefly used in connection with loans for business purposes, which it is intended shall be repaid in the course of a few years. The death of the borrower during that time might seriously affect the prospects of the undertaking for which the money was borrowed, and thereby the security of the lender would be impaired, accordingly, a short term insurance

for the amount of the loan is often effected to cover this risk.

A contingent or survivorship policy provides for the payment of the sum assured only in the event of the life assured, A, predeceasing another specified life, B. If B dies first, the policy comes to an end, as it is then impossible for the event assured against to happen. This form of contract is used to render a contingent interest in an estate absolute, when such secured interest may be sold or utilised as security for a loan.

A last survivor policy is taken out on two or more lives, and the sum assured is payable at the last death. It may be arranged for the premiums to be paid during the whole currency of the contract, or only until the first death occurs.

Specimen yearly premiums for a short term insurance of £100 are given in the following table—

| Age at Entry | Sum Assured payable only if death occurs within a term of |    |    |          |    |          |   |          |    |
|--------------|---|----|----|----------|----|----------|---|----------|----|
|              | 1 year.   |    |    | 3 years. |    | 5 years. |   | 7 years. |    |
|              | £   | s. | d. | £        | s. | d.       | £ | s.       | d. |
| 20           | 0   | 17 | 6  | 0        | 17 | 10       | 0 | 18       | 3  |
| 30           | 0   | 19 | 11 | 1        | 0  | 8        | 1 | 1        | 2  |
| 40           | 1   | 4  | 7  | 1        | 5  | 2        | 1 | 5        | 10 |
| 50           | 1   | 16 | 4  | 1        | 17 | 11       | 1 | 19       | 11 |

It sometimes happens that a fund—it may be to replace the capital value of property held on lease, to replace the premium paid on the purchase of redeemable bonds, or for various other reasons—has to be accumulated over a term of years, and for this purpose a capital redemption policy is very suitable. The premium is paid yearly, and at the end of a fixed number of years the sum insured

| Age at Entry | Sum Assured paid in 20 equal yearly instalments |    | Discounted Bonus Policy | Without Profits Policy | With Profits Policy | Guaranteed Income Policy 5% Interest for 20 years |   | Early Premiums Reduced. |              |                 |              |                 |              |                 |              |
|--------------|---|----|-------------------------|------------------------|---------------------|---|---|-------------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|              |   |    |                         |                        |                     |   |   | Without Profits         |              | With Profits    |              |                 |              |                 |              |
|              |   |    |                         |                        |                     |   |   | Without Profits         | With Profits | Without Profits | With Profits | Without Profits | With Profits | Without Profits | With Profits |
|              | £   | s. | d.                      | £                      | s.                  | d.  | £ | s.                      | d.           | £               | s.           | d.              | £            | s.              | d.           |
| 20           | 1   | 4  | 4                       | 1                      | 11                  | 8   | 1 | 13                      | 4            | 1               | 7            | 10              | 2            | 3               | 1            |
| 30           | 1   | 11 | 6                       | 1                      | 19                  | 8   | 2 | 2                       | 0            | 2               | 8            | 11              | 2            | 14              | 7            |
| 40           | 2   | 2  | 8                       | 2                      | 14                  | 1   | 2 | 16                      | 0            | 3               | 5            | 0               | 3            | 12              | 10           |
| 50           | 3   | 1  | 8                       | 3                      | 17                  | 6   | 3 | 19                      | 1            | 4               | 11           | 5               | 5            | 2               | 10           |

| Age<br>at<br>Entry | Without Profits                     |    |   |         |   |    |          |    |   |          | With Profits         |    |                                |   |   |         |    |    |          |    |   |           |    |   |
|--------------------|-------------------------------------|----|---|---------|---|----|----------|----|---|----------|----------------------|----|--------------------------------|---|---|---------|----|----|----------|----|---|-----------|----|---|
|                    | Premiums payable until death occurs |    |   |         |   |    |          |    |   |          | Premiums limited to— |    |                                |   |   |         |    |    |          |    |   |           |    |   |
|                    | 1 year<br>(Single<br>Premiums)      |    |   | 5 years |   |    | 10 years |    |   | 15 years |                      |    | 1 year<br>(Single<br>Premiums) |   |   | 5 years |    |    | 10 years |    |   | 15 years. |    |   |
|                    | £                                   | s  | d | £       | s | d  | £        | s  | d | £        | s                    | d  | £                              | s | d | £       | s  | d  | £        | s  | d | £         | s  | d |
| 20                 | 32                                  | 8  | 0 | 7       | 1 | 6  | 3        | 18 | 9 | 2        | 18                   | 1  | 39                             | 7 | 9 | 8       | 12 | 1  | 4        | 15 | 9 | 3         | 10 | 8 |
| 30                 | 38                                  | 5  | 2 | 8       | 7 | 8  | 4        | 13 | 4 | 3        | 9                    | 1  | 46                             | 2 | 5 | 10      | 1  | 10 | 5        | 12 | 7 | 4         | 3  | 5 |
| 40                 | 5                                   | 10 | 5 | 10      | 1 | 10 | 5        | 13 | 3 | 4        | 4                    | 7  | 54                             | 7 | 7 | 11      | 18 | 9  | 6        | 14 | 0 | 5         | 0  | 0 |
| 50                 | 55                                  | 14 | 5 | 12      | 6 | 5  | 7        | 0  | 3 | 5        | 6                    | 10 | 65                             | 0 | 6 | 14      | 3  | 2  | 8        | 1  | 2 | 6         | 2  | 9 |

becomes due. There is no life insurance involved; the premiums, less the small expenses, are simply accumulated at compound interest by the insurance company, and the resulting fund is paid out by them at the end of the agreed term. Such an insurance may also be purchased by a single premium payable at the outset, or by yearly premiums limited to a shorter term than that of the insurance.

The following table gives specimen single and yearly premiums for a capital redemption insurance of £100—

| Pre-<br>mium | Sum Assured payable at the<br>expiration of |       |          |       |          |       |          |       |
|--------------|---|-------|----------|-------|----------|-------|----------|-------|
|              | 10 years                                    |       | 20 years |       | 30 years |       | 40 years |       |
|              | £   | s. d. | £        | s. d. | £        | s. d. | £        | s. d. |
| Single       | 64  | 6 0   | 55       | 3 4   | 41       | 0 1   | 30       | 6 3   |
| Yearly       | 8   | 8 3   | 3        | 11 4  | 1        | 19 11 | 1        | 5 4   |

Some companies will agree to dispense with the usual medical examination, which to some people is very distasteful, if the sum assured is not greater than about £500. A proposal form containing a large number of questions relating to the past and present state of health of the life has to be completed, and in the event of death taking place in the first year of insurance, one-third only of the sum assured will be paid, or, if death happens in the second year, two-thirds. After the expiration of two years, the company is at risk for the full sum assured. This form of policy may be effected by monthly premiums: 5s. per month assuming about £170, without profits, at age 20, £130 at age 30, and £90 at age 40, payable at death.

2 LIFE INSURANCE GENERALLY In this

article will be described the various incidents affecting life insurance policies as between the office and the assured, and the numerous privileges and conditions which attach to policies.

The first step towards taking out a life insurance policy is the completion of a "proposal" for same, which has to be made on a form provided by the office. A specimen is given below.

The life is medically examined, and the proposal and medical report are considered together by the directors of the company. If the proposal is accepted, the "policy," which is the evidence of the contract, is prepared and forwarded to the local representative, to be handed to the assured on payment of the first premium, if this has not already been paid.

The proposal is the basis of the contract, and the questions thereon and those put by the medical officer must be answered by the proposer in the utmost good faith. A wrong answer on any material point, such as the state of health, or habits, or family history, would render the policy voidable by the office. (See declaration attached to proposal.)

The wording of the policies issued by different offices varies considerably. A concise form of whole life policy is given on page 980.

The conditions under which policies are issued have been gradually liberalised, and at the present time the payment of the premium, when due, is practically the only condition imposed in ordinary cases by many companies. In the old days of life insurance a mere trip to the Continent was deemed sufficient reason for charging an extra premium, but now most policies are made "world-wide," either at date of issue or after twelve months have expired, if the assured at the time of making the proposal had no intention of going abroad. Lives engaged in the Navy or Mercantile Marine are still charged an extra premium by many offices, as are

#### PROPOSAL FOR INSURANCE IN THE ..... LIFE INSURANCE SOCIETY

1. Name, Residence, and Profession of person making the proposal for insurance
2. Place and date of birth Age next birthday
3. Reference to two private friends (not near relatives or persons interested in the proposed insurance) to ascertain moral and present state of health  
Reference to present Medical Attendant for like purpose.
4. If any other medical attendance has been required, state from whom, and when
5. Have you ever resided beyond the limits of Europe? If so, when and where, and did your health suffer?  
Have you any prospect or intention of going beyond the limits of Europe? If so, where?
6. Has your life ever been proposed before to this or any other office?  
If so, name the offices and dates, and state whether the proposals were accepted at the ordinary or at an increased premium, or declined or withdrawn  
Is your life now being proposed to any other office or offices? If so, name them
7. Sum to be assured £
8. Term for which the assurance is proposed, and whether With or Without Profits
9. Whether premium to be payable for life, or for what period? and whether by annual, half annual, or quarterly premiums?  
Amount of premium £

#### •DECLARATION.

Being desirous of becoming a member of the ..... Life Insurance Society, for the insurance specified in the above proposal, I declare that the foregoing answers are true, and I agree that they and the answers given, or to be given, to the separate questions put by the medical officer acting on behalf of the Society (all of which answers shall be held as incorporated in this Declaration) shall form the basis of the Contract of insurance between me and the Society, and I accede to the constitution, laws, and regulations of the Society

(Signature) .....

(Date) .....



| Age<br>at<br>Entry. | Deferred Insurance, with profits, com-<br>mencing at age 21. Premiums only<br>returned, without interest, at death<br>before 21 |    |    |  |   |    |     |   |     |    |   |    |    |
|---------------------|---|----|----|--|---|----|-----|---|-----|----|---|----|----|
|                     | At death<br>after 21.   |    |    |  | At death after 21, or on<br>attainment of age |    |     |   |     |    |   |    |    |
|                     |   |    |    |  | 35.   |    | 45. |   | 55. |    |   |    |    |
|                     | £   | s. | d. |  | £   | s. | d.  | £ | s.  | d. | £ | s. | d. |
| 1                   | 0   | 19 | 0  |  | 2   | 4  | 0   | 1 | 10  | 7  | 1 | 2  | 8  |
| 5                   | 1   | 1  | 11 |  | 2   | 13 | 3   | 1 | 17  | 3  | 1 | 6  | 0  |
| 10                  | 1   | 6  | 0  |  | 3   | 9  | 0   | 2 | 5   | 2  | 1 | 11 | 4  |
| 15                  | 1   | 11 | 4  |  | 4   | 12 | 7   | 2 | 17  | 9  | 2 | 18 | 9  |

In the second or financial class may be placed the short term or temporary insurance, the contingent or survivorship insurance, the last survivor insurance, and the sinking fund, leasehold redemption or capital redemption insurance.

The temporary insurance is taken out to cover the risk of death within a comparatively short period, as 1, 3, 5, or 7 years, and if the life survives the term, the insurance automatically comes to an end, though some companies have a scheme under which a term insurance can be converted into one for the whole of life, if application is made a year or so before its expiration. This form of policy is chiefly used in connection with loans for business purposes, which it is intended shall be repaid in the course of a few years. The death of the borrower during that time might seriously affect the prospects of the undertaking for which the money was borrowed, and thereby the security of the lender would be impaired, accordingly, a short term insurance

for the amount of the loan is often effected to cover this risk.

A contingent or survivorship policy provides for the payment of the sum assured only in the event of the life assured, A, predeceasing another specified life, B. If B dies first, the policy comes to an end, as it is then impossible for the event assured against to happen. This form of contract is used to render a contingent interest in an estate absolute, when such secured interest may be sold or utilised as security for a loan.

A last survivor policy is taken out on two or more lives, and the sum assured is payable at the last death. It may be arranged for the premiums to be paid during the whole currency of the contract, or only until the first death occurs.

Specimen yearly premiums for a short term insurance of £100 are given in the following table—

| Age at Entry | Sum Assured payable only if death occurs within a term of |    |    |          |    |    |          |    |    |          |    |    |
|--------------|---|----|----|----------|----|----|----------|----|----|----------|----|----|
|              | 1 year.   |    |    | 3 years. |    |    | 5 years. |    |    | 7 years. |    |    |
|              | £   | s. | d. | £        | s. | d. | £        | s. | d. | £        | s. | d. |
| 20           | 0   | 17 | 6  | 0        | 17 | 10 | 0        | 18 | 3  | 0        | 18 | 6  |
| 30           | 0   | 19 | 11 | 1        | 0  | 8  | 1        | 1  | 2  | 1        | 1  | 10 |
| 40           | 1   | 4  | 7  | 1        | 5  | 2  | 1        | 5  | 10 | 1        | 6  | 8  |
| 50           | 1   | 16 | 4  | 1        | 17 | 11 | 1        | 19 | 11 | 2        | 2  | 3  |

It sometimes happens that a fund—it may be to replace the capital value of property held on lease, to replace the premium paid on the purchase of redeemable bonds, or for various other reasons—has to be accumulated over a term of years, and for this purpose a capital redemption policy is very suitable. The premium is paid yearly, and at the end of a fixed number of years the sum insured

| Age at Entry                        | Sum Assured paid in 20 equal yearly instalments |    | Discounted Bonus Policy | Without Profits Policy | With Profits Policy | Guaranteed Income Policy<br>5% Interest for 20 years |   | Early Premiums Reduced. |   |              |    |                 |   |              |    |
|-------------------------------------|---|----|-------------------------|------------------------|---------------------|--|---|-------------------------|---|--------------|----|-----------------|---|--------------|----|
|                                     |   |    |                         |                        |                     |  |   | Without Profits         |   | With Profits |    | Without Profits |   | With Profits |    |
|                                     |   |    |                         |                        |                     |  |   |                         |   |              |    |                 |   |              |    |
|                                     |   |    |                         |                        |                     |  |   |                         |   |              |    |                 |   |              |    |
| Premiums payable until death occurs |   |    |                         |                        |                     |  |   |                         |   |              |    |                 |   |              |    |
|                                     | £   | s  | d                       | £                      | s                   | d  | £ | s                       | d | £            | s  | d               | £ | s            | d  |
| 20                                  | 1   | 4  | 4                       | 1                      | 11                  | 8  | 1 | 13                      | 4 | 1            | 7  | 10              | 2 | 3            | 1  |
| 30                                  | 1   | 11 | 6                       | 1                      | 19                  | 8  | 2 | 2                       | 0 | 2            | 8  | 11              | 2 | 14           | 7  |
| 40                                  | 2   | 2  | 8                       | 2                      | 14                  | 1  | 2 | 16                      | 0 | 3            | 5  | 0               | 3 | 12           | 10 |
| 50                                  | 3   | 1  | 8                       | 3                      | 17                  | 6  | 3 | 19                      | 1 | 4            | 11 | 5               | 5 | 2            | 10 |

| Age<br>at<br>Entry | Without Profits                |         |   |    |          |    |   |          | With Profits |   |                                |         |    |   |          |    |    |           |   |    |   |
|--------------------|--------------------------------|---------|---|----|----------|----|---|----------|--------------|---|--------------------------------|---------|----|---|----------|----|----|-----------|---|----|---|
|                    | Premiums limited to—           |         |   |    |          |    |   |          |              |   |                                |         |    |   |          |    |    |           |   |    |   |
|                    | 1 year<br>(Single<br>Premiums) | 5 years |   |    | 10 years |    |   | 15 years |              |   | 1 year<br>(Single<br>Premiums) | 5 years |    |   | 10 years |    |    | 15 years. |   |    |   |
|                    | £                              | s       | d | £  | s        | d  | £ | s        | d            | £ | s                              | d       | £  | s | d        | £  | s  | d         | £ | s  | d |
| 20                 | 32                             | 8       | 0 | 7  | 1        | 6  | 3 | 18       | 9            | 2 | 18                             | 1       | 39 | 7 | 9        | 8  | 12 | 1         | 4 | 15 | 9 |
| 30                 | 38                             | 5       | 2 | 8  | 7        | 8  | 4 | 13       | 4            | 3 | 9                              | 1       | 46 | 2 | 5        | 10 | 1  | 10        | 5 | 12 | 7 |
| 40                 | 5                              | 10      | 5 | 10 | 1        | 10 | 5 | 13       | 3            | 4 | 4                              | 7       | 54 | 7 | 7        | 11 | 18 | 9         | 6 | 14 | 0 |
| 50                 | 55                             | 14      | 5 | 12 | 6        | 5  | 7 | 0        | 3            | 5 | 6                              | 10      | 65 | 0 | 6        | 14 | 3  | 2         | 8 | 1  | 2 |

principle is usually extended to whole life insurances by limited payments, as well as endowment insurances.

Most offices protect themselves against the effecting of a policy by a person who contemplates suicide, by stipulating that in the event of death occurring in this manner within one or two years from entry, the policy shall be void, but the interests of a *bond fide* assignee for value are recognised in such a case, to the extent of his interest.

It is desirable that the age of the life should be proved, at entry, by the production of a certificate of birth or other evidence satisfactory to the office, as if this is not done the age may be discovered to be understated when the claim arises. The mistake will not invalidate the policy, but a reduction in the sum assured will be made, that proportion of the sum assured being payable only which the premium paid bears to the premium which should have been paid. Thus, if the premium of £22 has been paid for a sum assured of £500, instead of the proper premium of £25, according to the true age at entry, the sum assured will be reduced to £440, and the bonuses in the same proportion.

When a claim arises by death, the claimant is required to prove his title to the satisfaction of the office, and also the fact of the death of the life assured. The former will be probate of will or letters of administration, or, if the policy has been dealt with, the deed of assignment. Evidence of death is usually supplied by a registrar's certificate of death and a certificate from the medical attendant. If everything is in order, the claim is usually paid immediately. If the policy has been assigned, the deed is retained by the office, if it relates to the policy only, but when other property has also been included in the assignment, the office will return the deed to the assignee on his signing an undertaking to produce it to the office whenever he is requested to do so.

Under the provisions of the Married Women's Property Act of 1882, a married woman may effect a policy on her own life for the benefit of herself, her children, her husband, or her husband and children. Also, she may effect a policy on the life of her husband for her own benefit. A husband may effect a policy on his own life for the benefit of his wife, or children, or wife and children. Each policy so effected creates a trust in favour of the purposes named in it, and will not, so long as any purpose of the trust remains unperformed, form part of the estate of the assured or be subject to his other debts. Consequently, such policies are protected against creditors in the event of the subsequent bankruptcy or death of the assured, if the assured was solvent at the time the policy was effected; but if it can be proved that the policy was effected and the premiums paid with intent to defraud the creditors of the assured, they are entitled to receive out of the moneys payable under the policy a sum equal to the premiums so paid. The assured may by the policy, or by any memorandum under his or her hand, appoint trustees of the moneys payable under the policy, and in default of such appointment the policy vests in the assured or his or her representatives in trust for the purposes expressed. The Act of 1882 applies to England only, but under the Married Women's Policies of Assurance (Scotland) Act of 1880 similar policies can be effected in Scotland. •

Of late years, many offices have commenced the issue of policies for payment of estate duty, which

by the Finance Act of 1894 is levied upon the principal value of all property—real and personal—which passes, on the death of any person. Executors frequently find it difficult to raise the required money for the purpose of paying the duty, and it is accordingly very advantageous for a life policy to be included in the estate expressed as payable direct to the Inland Revenue authorities in discharge of the duty, immediately after the death has occurred. Such policies are issued at the usual rates of premium for whole life insurances, and the power of the assured to charge or assign the policy during his lifetime is not in any way affected.

The premiums published in the prospectuses of life offices refer to "first-class" lives only. If a life proposed for insurance does not come under this category, the office has the two alternatives of declining the business or accepting it on such terms as are equitable, and, in the latter case, the conditions imposed are various. In some instances the medical examiner will estimate that the life is as good as an average individual aged, say, ten years older, and the true age is accordingly "rated up" that number of years and the corresponding premium charged. In other cases, the sum assured may be made to begin at a low figure, and gradually increase by a stated amount for each year the life survives, until the full sum assured is reached, the assured paying the full premium from the beginning. If a life cannot be regarded as first-class, but yet is considered insurable, an office may decline to issue a whole life policy, but be prepared to take the risk under an endowment insurance for a short term, because a much higher premium is obtained for the same sum assured, which provides an extra premium for the temporary life insurance; and, if the life survives to the end of the term, the payment of the sum assured then puts the assured on the same footing as a first-class life assured under the same form of policy.

A few offices confine their policyholders to members of a certain class. One office accepts only past and present members of the Society of Friends, and their connections by marriage, descent, or partnership in business. Another office restricts its membership to the clergy, their relatives, and connections. It is frequently stated that abstainers from intoxicating liquors, as a class, are subject to lighter rates of mortality than non-abstainers; and a few offices have a special section for abstainers, the benefit from any lighter mortality that may be experienced being given to the policyholders in the section in the form of an additional bonus.

Several life insurance companies offer facilities to people who desire to acquire house property, but have not the necessary capital to enable them to purchase outright. The method pursued is for the company to lend from 70 to 80 per cent. of the value of property approved by them, on mortgage the borrower finding the balance of the purchase money, and also effecting an endowment insurance policy for a term of from fifteen to twenty-five years on his own life for the amount lent. The result is that if the mortgagor dies at any time within the endowment term, the amount due under the policy is sufficient to repay the mortgage debt, thus relieving his representatives of any liability. Often the property concerned is the dwelling-house of the mortgagor, and in such a case his family is ensured a home free from payment of any rent in the event of his decease. If the mortgagor survives to the end of the endowment

term, the policy moneys are then available to repay the debt, and the house becomes his property, free from any encumbrance. The cost of reconveyance is borne by the mortgagor.

Before a loan is advanced, the company has a valuation made of the property, the cost of which is defrayed by the intending borrower. The legal charges incidental to the mortgage and investigation of title are either paid in one sum by the mortgagor, or spread over a term of years.

It is not essential that the whole loan should remain unpaid until death or the end of the term. Usually the mortgagor is entitled to repay sums of not less than about £5 at any day on which interest falls due, the future half-yearly or quarterly interest payment being reduced accordingly. If this is done, there is a balance due to the mortgagor or his representatives when the amount assured under the policy becomes payable.

The policy is deposited with the company as collateral security, and so long as any part of the loan remains unpaid, the company has a charge on the policy, and may apply the surrender value towards payment of accrued interest or in reduction of the loan.

**Life Annuities.** If a person desires to obtain the largest amount of annual income from the investment of a certain amount of capital, a life annuity should be purchased, since the annual interest earned on the capital is supplemented by a portion of capital each year. An individual could not carry out a single transaction of this nature, as the exact length of a life cannot be foretold, and, consequently, either the capital might be exhausted before death took place, or there might be a balance still remaining unused at death. A life office, however, which carries out many such transactions is able to arrange so that on the average there is neither surplus nor deficiency, by basing its charges for annuities on the recorded past mortality experience of offices under annuity contracts. The older the annuitant is when the annuity is purchased, the smaller is the average future lifetime, and, consequently, an office can afford to grant a higher annual payment for each £100 of purchase money, as the age at purchase increases.

The rates charged for life annuities are specified separately for males and females, since it is found that female annuitants live longer than male, and, therefore, as large an annuity cannot be granted to a female as to a male of the same age, for the same purchase money.

Life annuities are usually paid half yearly, and may be either "immediate" or "deferred." The first instalment under an immediate annuity is payable six months after purchase (in the case of half yearly instalments), but the first payment under a deferred annuity does not become due until the annuitant attains a certain age, as 55, 60, or 65. Such annuities are of the nature of a provision for old age, and may be paid for either by a single premium at issue, or by yearly premiums running from entry up to the attainment of the age at which the annuity is to commence. In the event of death before the specified age, the annuity, of course, never becomes payable, and in such a case the single payment or yearly premiums paid may be returnable or non-returnable by the office, as arranged at the outset, the charges under the former plan being somewhat higher than under the latter.

In all cases, provided the annuity has commenced,

it only terminates with the death of the annuitant, and the final instalment is sometimes the one which fell due immediately preceding the death, but in other cases a proportionate part of the instalment for the current half-year (or other period) up to the date of death is payable. Unless otherwise stipulated the latter course is followed.

There are three forms of immediate annuity offered to the public: (1) The ordinary form running until death, (2) as (1), but with the additional benefit of a return of a portion of the purchase money (generally half), if death takes place within a certain period from date of purchase, as five years; (3) as (1), but with a guarantee that the amount payable under the annuity by way of instalments shall not fall short of the purchase money; thus, if £1,600 is paid for an annuity of £100, and the annuitant dies when ten years' payments have been made, the office will continue the annuity for six more years to his representatives, thus returning the whole £1,600. If the annuitant lives until the whole of the purchase money has been returned by the office, the annuity, of course, does not cease but continues until death, whenever that may happen.

The annual payment secured by a fixed sum is greater under (1) than under (2), and greater under (2) than under (3), so that if the largest income possible is desired for a certain amount of principal invested, Form (1) should be chosen; but if the idea of sinking a large sum with the possibility of only receiving a comparatively small amount back, in the event of early death, is distasteful, then Form (2) or (3) may be adopted.

Life annuities of Form (1) cannot generally be abandoned to the office for a cash payment, since if this was allowed the tendency would be for the annuitants in a bad state of health to surrender, the good lives continuing their annuities, and the office would, in the main, be buying back annuities, a large proportion of which would cease naturally in the course of a short time. Annuities under Forms (2) and (3) can usually be surrendered for cash during the preliminary period, as can deferred annuities under which the premiums paid are returnable in the event of death before the annuity age is reached, but the "non-returnable" form does not carry the right to a cash surrender.

Specimen values of the premiums for an annuity of £10 are given on the next page.

**3. ENDOWMENT INSURANCE.** An endowment insurance is a life insurance contract under which the sum assured is payable at the expiration of a fixed term of years, or at the previous death of the life assured. An endowment insurance policy may assume either of two slightly different forms: it may be expressed as payable at the expiration of a named term of years or at previous death, or it may provide for payment of the sum assured on the attainment of a certain age or at previous death. The first form is the more modern, and it abolishes certain anomalies which exist under the older plan. For example, under the "payable at age" form, if two policyholders, one aged 29 years and 1 month, and the other aged 29 years and 11 months, each effect a policy payable at age 45, say, they will both pay the same annual premium, viz., that for age 30 next birthday, but the first will have to wait for 15 years and 11 months before the policy becomes a claim by the survival of the life to the specified age, while the second will have to wait for 15 years and 1 month only, although he is the

| Age at Issue. | MALES.                             |                 |                 |                                     |                 |                  | FEMALES.           |                 |                  |                                     |                 |                  |
|---------------|------------------------------------|-----------------|-----------------|-------------------------------------|-----------------|------------------|--------------------|-----------------|------------------|-------------------------------------|-----------------|------------------|
|               | Immediate Annuity.                 |                 |                 | Deferred Annuity, commencing at 60. |                 |                  | Immediate Annuity. |                 |                  | Deferred Annuity, commencing at 60. |                 |                  |
|               | Form (1).                          | Form (2).       | Form (3).       | Form (1).                           | Form (2).       | Form (3).        | Form (1).          | Form (2).       | Form (3).        | Form (1).                           | Form (2).       | Form (3).        |
|               | Single Premium, or Purchase Money. | Single Premium. | Yearly Premium. | Single Premium.                     | Yearly Premium. | Without Return " | Single Premium.    | Yearly Premium. | Without Return " | Single Premium.                     | Yearly Premium. | Without Return " |
| 40            | £ 180                              | £ 180           | £ 4 0 0         | £ 60                                | £ 46            | £ 3 5 0          | £ 203              | £ 195           | £ 209            | £ 70                                | £ 4 10 0        | £ 3 14 0         |
| 50            | £ 150                              | £ 158           | £ 8 17 0        | £ 86                                | £ 71            | £ 7 17 0         | £ 171              | £ 160           | £ 184            | £ 101                               | £ 9 18 0        | £ 8 17 0         |
| 60            | £ 115                              | £ 124           | —               | —                                   | —               | —                | £ 143              | £ 130           | £ 150            | —                                   | —               | —                |

1 Half the purchase money returned in death occurs within five years of date of purchase.

older life and the insurance company has undergone rather more risk of death within the term in his case than in the former, and, strictly, should have charged a larger premium on that account. A further source of dissatisfaction to policyholders lies in the fact that if the annual premiums are payable on each anniversary of the contract until the policy becomes a claim, the final yearly premium payable only appears to cover a period of anything from a few days upwards, according to the interval of time elapsing from the anniversary of the contract to the birthday of the life assured. To remedy these inconsistencies, many companies which issue "payable at age" policies now state that the sum assured shall be payable on the anniversary of the contract which immediately precedes the attainment of the specified age, and that the number of yearly premiums payable shall be limited to the difference between the age next birthday at entry and the age at which the policy becomes a claim by survival of the life. For example, in both the cases previously mentioned, the policy would run for fifteen years, and fifteen yearly premiums would be payable.

The endowment insurance policy has pushed its way to the front in a very remarkable manner in recent years.

When the subject is considered, this great development can be explained very easily. The whole life insurance, which previously held the field, necessitates the payment of premiums right up to death, at however advanced an age that may occur, and these payments are frequently found very burdensome when the assured is advanced in years, accordingly it was felt that the payment of the sum assured at a time when the productive powers of the assured were declining would be beneficial in a twofold manner—the payment of the premiums would thereby cease, and the assured would receive the money due under the policy at a time when it was required. This explains the issue of policies payable at age 60 or 65. Many policies, however, are issued payable in 10, 15, or 20 years' time, and these are effected chiefly on account of the investment element contained in such insurances. In many instances, a sum of money payable in 10, 15, or 20 years has to be provided for, and in the event of decease before the expiration of the term, it is often desirable that the money should be immediately available. An endowment insurance policy exactly supplies this need. For example, suppose a man to buy a house, borrowing, say, 75 per cent. of the value of the property on mortgage. If he takes out an endowment insurance policy on his life for the amount borrowed, payable, say, in 20 years or at his previous death, then, if he survives to the end of the 20 years the sum assured will pay off the mortgage, while, should he die at any time within the term, the sum assured will in like manner be available to repay the debt, and the property will then be left unencumbered to his family.

The practical aspects of an endowment insurance policy having been considered, it may now be analysed into its component parts: It has been seen that such a policy secures a sum of money payable on the happening of either of two contingencies—(1) the survival of the life insured to the end of the term of years selected, or (2) his death within the term. An endowment insurance is, therefore, really a compound of two separate insurances: (1) A pure endowment (payable only

on survival of the term) and (2) a temporary insurance (payable only on death within the term). Both these classes of insurance can be taken advantage of separately, but neither has attained anything like the immense vogue of the endowment insurance. The following table shows this division of the endowment insurance premium into temporary insurance premium and pure endowment premium for several typical cases, and also the premiums for a whole life insurance. The values given are net, that is, before any additions for expenses or fluctuations in interest or mortality have been made—

**Net Yearly Premiums for an Insurance of £100.  
H.M. Table of Mortality. Interest 3 per cent.**

| Age at Entry. | Endowment Insurance payable in 15 years  |                             |                                  | Whole Life Insurance |
|---------------|--|-----------------------------|----------------------------------|----------------------|
|               | Premium.                                 | (1) Pure Endowment Portion. | (2) Temporary Insurance Portion. |                      |
| 20            | £ 5 585                                  | £ 4 891                     | £ 694                            | £ 1 427              |
| 30            | 5 685                                    | 4 785                       | 900                              | 1 880                |
| 40            | 5 873                                    | 4 558                       | 1 315                            | 2 589                |
|               | Endowment Insurance payable in 30 years. |                             |                                  |                      |
|               | Premium.                                 | Pure Endowment Portion.     | Temporary Insurance Portion.     |                      |
| 20            | £ 2 521                                  | £ 1 692                     | £ 829                            | £ 1 427              |
| 30            | 2 694                                    | 1 513                       | 1 181                            | 1 880                |
| 40            | 3 070                                    | 1 142                       | 1 928                            | 2 589                |

The first thing to be noticed is that, if the term is fixed, an increase in the age at entry has the effect of increasing the temporary insurance portion of the premium, but it decreases the pure endowment portion. The explanation is quite simple: The older the life, the greater is the chance of death within a given term of years; and the smaller is the chance of living to the end of the term. Hence, the cost of insurance for the term increases with the age, but the cost of providing for a sum payable only if the term is survived diminishes. The net effect of these two movements in opposite directions is that the aggregate premium increases with the age, but on comparison with the whole life premiums, it will be noticed that the proportionate increase is much smaller. The fact that the vitality of the life assured, as expressed by the attained age, has not such a marked effect on the endowment insurance premium as on the whole life premium, enables insurance offices sometimes to accept lives under the endowment insurance plan, which would not have been accepted under the whole life plan without the imposition of an extra premium. This is also the case where the medical examination or the family history reveals an undue likelihood of fatal disease attacking the party during the later years of life. For example, if there was a family history of cancer, an office would hesitate to grant a whole life insurance to a man aged 25 or 30 at normal rates, but a proposal for a 10 or 15 year endowment insurance might be accepted without

any extra premium being imposed, because cancer is a disease which in a great degree confines its attacks to the later years of life, and the endowment insurance policy would have passed off the company's books before the life entered on the specially dangerous period of his life. When the life is judged to be specially susceptible to a disease of early life, such as pulmonary tuberculosis, it will not be safe for the office to accept him under the endowment insurance plan without a substantial extra premium; or, alternatively, the sum insured may be made to commence at a low figure, and gradually increase year by year until the full sum assured is reached at the end of the term, the full premium for the maximum sum insured being payable during the entire period of the insurance.

The endowment insurance contract will now be examined from the point of view of the insured. The first questions a person usually asks when the subject of life insurance is brought before his notice relate to the amount of premium he will have to pay and the benefits secured to him by payment of such premium. Endowment insurance premiums, of course, increase with the age if the term is fixed, and diminish as the term increases if the age is fixed. Also, a policy may be taken either on the "with" or the "without" profits plan, the premiums in the former case being a little larger than in the latter, in consideration of the right of the policyholder to share in the profits of the insurance company. These profits are generally allotted to the policyholder, not in cash, but in the form of an addition to the sum assured under the policy, and he thus has the satisfaction of seeing the amount payable under the policy gradually growing. In a good company, the profits, or bonuses, as they are usually termed, may be £1 12s. or more per cent. per annum on the sum assured, so that a 30 year "with profit" policy for £1,000 may have increased to £1,480 or more when the time for payment arrives.

Specimens of yearly premiums for an endowment insurance of £100 are given at the top of the next page, and the whole life premiums are also given for comparison. They are average samples of the rates charged.

If the assured wishes to obtain the maximum amount of cover from the beginning for a fixed annual expenditure in premiums, then a policy "without profits" must be taken, since the rate of premium per cent is smaller than for the "with profit" form; but, generally speaking, it is more profitable in the long run to the insured to take a policy on the "with profit" plan than on the "without profit" plan, since in a good company the value of the extra premium paid is more than returned to the assured by the bonuses added to the policy. Fuller information on the subject of bonuses and their distribution will be found in the article under that heading.

That a "with profit" insurance can be regarded as a profitable investment, as well as a protection in case of premature death and a provision for later life is demonstrated by the following table, which shows the progress of the sum assured plus bonuses and the accumulation of the premiums paid at interest. It will be seen that at the end of the term the sum assured, together with the added bonuses, returns to the policyholder the premiums he has paid, accumulated at 2½ per cent compound interest; while, what is most important, the full sum assured and added bonuses would have been payable had death occurred at any time within the

| Age<br>at<br>Entry. | WITH PROFITS.                   |                 |                 |                            |                |                | WITHOUT PROFITS.                |                 |                |                             |                |                 |
|---------------------|---------------------------------|-----------------|-----------------|----------------------------|----------------|----------------|---------------------------------|-----------------|----------------|-----------------------------|----------------|-----------------|
|                     | Endowment Insurance, payable in |                 |                 |                            |                |                | Endowment Insurance, payable in |                 |                |                             |                |                 |
|                     | 15 years                        | 25 years        | 35 years        | Whole<br>Life<br>Insurance |                |                | 15 years                        | 25 years        | 35 years       | Whole<br>Life<br>Insurance. |                |                 |
| 21 ..               | £ s d<br>6 17 6                 | £ s d<br>3 15 9 | £ s d<br>2 13 6 | £ s d<br>1 18 0            | £ s d<br>6 5 5 | £ s d<br>3 8 9 | £ s d<br>2 6 11                 | £ s d<br>1 13 9 | £ s d<br>2 2 0 | £ s d<br>2 16 0             | £ s d<br>2 2 0 | £ s d<br>2 16 0 |
| 30 ..               | 7 0 1                           | 3 18 7          | 2 18 10         | 2 8 11                     | 6 7 9          | 3 10 0         | 2 10 10                         | 2 2 0           | 2 2 0          | 2 16 0                      | 2 2 0          | 2 16 0          |
| 40 ..               | 7 4 0                           | 4 6 3           | —               | 3 5 0                      | 6 11 4         | 3 16 7         | —                               | 2 16 0          | 2 2 0          | 2 16 0                      | 2 2 0          | 2 16 0          |

term, even immediately after payment of the first premium.

**Life aged 30, at entry. Sum Assured, £100. Yearly Premium, £8 18s. 7d. Sum Assured, with accrued Bonuses, payable at end of 25 years or at previous death. Rate of Bonus, £1 12s. per cent. per annum.**

| Years<br>elapsed since<br>commence-<br>ment. | Sum Assured,<br>plus accrued<br>Bonuses, payable<br>if the life die. | Accumulation<br>of the Premiums<br>paid at 2½%<br>compound<br>interest |
|--|--|--|
| 3 ..   | £ s. d.<br>104 16 0  | £ s. d.<br>12 8 4  |
| 5 ..   | 108 0 0  | 21 4 11  |
| 10 ..  | 116 0 0  | 45 8 8   |
| 15 ..  | 124 0 0  | 72 19 4  |
| 20 ..  | 132 0 0  | 104 6 1  |
| 25 ..  | 140 0 0  | 139 19 7   |
|  | payable if the<br>life survive<br>25 years                           |  |

A further development of the investment element in life insurance has resulted in the double endowment insurance, under which twice the sum payable at death within the selected term is payable if the life insured survives to the end of the term. For example, if the sum payable at death within a term of 15 years is £1,000, the amount due if the life is existing at the end of the term will be £2,000. It is a curious fact that for a given term of years the net or mathematical premiums are very nearly the same for all ages at entry; and, accordingly, many life offices charge the same premium to all lives who select the same term, from the youngest age up to the oldest taken under the table. The fact of this close uniformity in the premiums will be apparent if the table given above, showing the separate premiums for a pure endowment of £100 and a temporary insurance of £100, is referred to. Taking term 15 years, if the pure endowment premium for £100 is doubled, and added to the temporary insurance premium for £100, the following double endowment insurance premiums will be obtained: For age 20, 10 476; for age 30, 10 470; for age 40 10 431, so that the net premiums actually decrease slightly as the age increases. For term 30 years, the premiums are: For age 20, 4 213; for age 30, 4 207; for age 40, 4 212. Owing to this peculiarity,

the scheme is specially suitable for under-Average lives, who may often be accepted thereunder without extra premium.

The practice of giving a proportionate paid-up policy in the event of the assured discontinuing payment of premiums has undoubtedly contributed a great deal to the popularity of the endowment insurance. Under this system, generally after three years' premiums have been paid, the office will grant a new policy free from all premiums, in the event of discontinuance of the original policy, the new sum assured being that proportion of the original sum assured which the number of years' premiums paid bears to the total number payable. If the original policy was taken out "with profits," the bonuses accrued up to date of discontinuance are added. For example, suppose a £1,000 "with profits" policy to have been taken out, payable in 25 years or at previous death, and when eight yearly premiums have been paid the insured does not desire to continue the contract. He will be able to take a paid-up policy for  $\frac{8}{25}$  of £1,000, to which will be added the bonuses which have been apportioned to the policy. The new policy does not generally participate in future declarations of profit. Each premium paid, therefore, absolutely secures an equal portion of the sum assured to the policyholder, and accordingly endowment insurance policies are often described as "non-forfeitable."

4. INDUSTRIAL INSURANCE. Life insurance may be divided into two broad classes, which are in many features entirely dissimilar, the basis of division being the mode of payment of the premium. In one class the premiums are payable either yearly, half-yearly, or quarterly; in the other, they are payable weekly. Policies in the former class are termed "Ordinary" insurances, and in the latter "Industrial" insurances. Industrial insurance can be shortly described as insurance for the masses, as will be evident when it is mentioned that the average weekly premium is 2d., and the average amount assured per policy £10. The average amount assured per "ordinary" policy is about £300.

The business of industrial life insurance is carried on in Great Britain by companies who conduct their operations by the aid of a huge army of agents, superintendents, and inspectors. Taking, for example, a single large company, the whole of the country is mapped out into divisions, each in charge of an inspector, and each division is divided into many districts, each having at its head a superintendent, who may have several assistant-superintendents

under him. Under the superintendents are the agents, whose business it is to procure new policy-holders, and to collect the premiums on existing policies. The chief office of the company holds supreme control over all the field, and weekly accounts of the receipts and payments are forwarded to it. Proposals for new insurances are also submitted to the chief office, and all new policies are issued therefrom.

The tables of rates for insurance are usually published on the basis of so much sum assured for 1d., 2d., 3d., or 4d. per week, graduated according to the age at entry of the life assured, and a characteristic feature is that the assured does not come into the full benefit of the insurance until a certain period, generally six months, has elapsed. A typical case is where one-quarter of the sum assured is paid if death occurs in the first three months, half if death takes place in the second three months, and the full amount if death occurs after six months have expired. This condition is due to the fact that it is not practicable to examine medically all the lives, a report by an official of the company being relied on in most cases. It is usually provided that the full sum assured shall be paid if death occurs by accident happening at any time after the issue of the policy.

The premium tables published are divided into "infantile" and "adult." Under the former, children of any age under 10 can be assured, the adult tables applying to lives over age 10. A specimen of an infantile table is given on the next page, the premium being 1d. weekly. It will be observed that the sum payable at death increases with the duration of the policy, but in no case is the amount payable under age five years more than £6, or more than £10 under age 10 years. These sums are fixed by law as the maximum amounts payable at death under the ages mentioned. (See Section 62 of the Friendly Societies Act of 1896, which applies to industrial insurance companies.)

A specimen of an adult whole life insurance table is given in the next column.

The amounts shown in the column headed "After 6 months" are the "full benefit" sums assured, one quarter or one-half being payable only if the life dies in the first three or second three months respectively. It will be noticed that the full benefit sums assured are increased after five years, and further increased after ten years.

In addition to the whole life plan, the industrial companies offer endowment insurance contracts, both infantile and adult, under which the sum assured is payable at the end of a fixed number of years or at previous death. Joint life policies, under which the sum assured is payable at the first death of two lives, as husband and wife, are also issued.

Though this form of insurance is more expensive to the policyholder than the ordinary plan, on account of the organisation necessary for the collection of the premiums, it evidently meets the requirements of a large section of the public, especially that portion whose finances are regulated on a weekly basis, many of whom would find it well-nigh impossible to accumulate a yearly premium, or even a quarterly one, owing to the continuous demands on a very limited purse. The weekly call of the industrial insurance agent, which is usually made to synchronise as closely as possible with the receipt of the wage by the policyholder, abolishes the necessity for saving up the premium, and the

small payment becomes looked upon as one of the week's regular and necessary expenses. The statistics of industrial life insurance are a striking tribute to the providence and foresight of the working classes of this country, and bear testimony to the almost universal desire among this section of the community that when death comes the money necessary to ensure a decent interment should be forthcoming.

#### Adult Whole Life Insurance.

*Policy purchased by Weekly Premium of 1d. Quarter benefit for first three months: half benefit thereafter till end of six months: full benefit thereafter*

| Age next<br>Birth-<br>day. | Policy payable at Death only. |                   |                    |
|----------------------------|-------------------------------|-------------------|--------------------|
|                            | After<br>6 months.            | After<br>5 years. | After<br>10 years. |
|                            | £ s.                          | £ s.              | £ s.               |
| 11                         | 10 6                          | 10 10             | 10 15              |
| 12                         | 10 4                          | 10 9              | 10 14              |
| 13                         | 10 3                          | 10 7              | 10 12              |
| 14                         | 10 1                          | 10 6              | 10 11              |
| 15                         | 9 15                          | 10 0              | 10 5               |
| 16                         | 9 10                          | 9 15              | 10 0               |
| 17                         | 9 5                           | 9 10              | 9 15               |
| 18                         | 9 1                           | 9 6               | 9 10               |
| 19                         | 8 15                          | 9 0               | 9 4                |
| 20                         | 8 10                          | 8 14              | 8 18               |
| 30                         | 6 6                           | 6 8               | 6 11               |
| 40                         | 4 10                          | 4 12              | 4 15               |
| 50                         | 3 1                           | 3 3               | 3 4                |
| 60                         | 1 19                          | 2 0               | 2 1                |
| 70                         | 1 3                           | 1 4               | 1 5                |
| 71                         | 1 2                           | 1 3               | 1 3                |
| 72                         | 1 0                           | 1 0               | 1 1                |
| 73                         | 0 19                          | 1 0               | 1 0                |
| 74                         | 0 18                          | 0 19              | 0 19               |
| 75                         | 0 17                          | 0 18              | 0 18               |

The history of industrial insurance shows a gradual liberalising of the conditions of insurance and the premiums charged. At the beginning the field was so unexplored that great caution had to be exercised in fixing the rates, but as experience has shown it to be safe, premiums have been decreased—or, what is the same thing, sums assured have been increased—from time to time, policy conditions have been broadened, and a system of granting free policies for a reduced amount inaugurated, in cases where the policyholder is unable to continue paying the premiums. The latest concession to industrial policyholders is the privilege of sharing in the profits made by the company. Under one scheme, when death occurs, the sum assured is increased by a certain percentage increasing with the duration of the policy. Thus, for example, 5 per cent. may be added if the policy has been at least five years in force, and so on. Of late years the companies have put forward tables of sums assured which can be secured by the payment of monthly premiums, the reduction in the number of calls by the agent for the premium enabling them to increase substantially the sums assured. Thus, where 4d. per week assures £30, 1s. 4d. per month assures £33 16s., which represents a considerable advantage to the policyholder who is able to meet the larger payments at the more infrequent intervals.

## Infantile Whole Life Insurance.

Sum<sup>t</sup>s payable at Death for Weekly Premium of 1d. No higher Premium taken

| Age next<br>Birth-day<br>at entry. | Amount payable at Death, when Policy has endured |             |           |            |            |            |            |            |            |            |            |              |
|------------------------------------|--|-------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
|                                    | 3<br>months                                      | 6<br>months | 1<br>year | 2<br>years | 3<br>years | 4<br>years | 5<br>years | 6<br>years | 7<br>years | 8<br>years | 9<br>years | 10<br>years. |
| 1                                  | £ s  | £ s         | £ s       | £ s        | £ s        | £ s        | £ s        | £ s        | £ s        | £ s        | £ s        | £ s.         |
| 2                                  | 1 10   | 2 10        | 3 0       | 3 10       | 4 0        | 4 10       | 5 0        | 6 0        | 7 10       | 8 0        | 9 10       | 10 0         |
| 3                                  | 1 15   | 3 0         | 3 10      | 4 0        | 4 10       | 5 0        | 6 0        | 7 10       | 8 0        | 9 10       | 10 0       | 10 0         |
| 4                                  | 2 0  | 3 10        | 4 0       | 4 10       | 5 0        | 6 0        | 7 10       | 8 0        | 9 10       | 10 0       |            |              |
| 5                                  | 2 5  | 4 0         | 4 10      | 5 0        | 6 0        | 7 10       | 8 0        | 9 10       | 10 0       |            |            |              |
| 6                                  | 2 10   | 4 10        | 5 0       | 6 0        | 7 10       | 8 0        | 9 10       | 10 0       |            |            |            |              |
| 7                                  | 3 0  | 5 0         | 6 0       | 7 10       | 8 0        | 9 10       | 10 0       |            |            |            |            |              |
| 8                                  | 3 10   | 5 0         | 7 10      | 8 0        | 9 10       | 10 0       |            |            |            |            |            |              |
| 9                                  | 4 0  | 5 0         | 8 0       | 9 10       | 10 0       |            |            |            |            |            |            |              |
| 10                                 | 4 10   | 5 0         | 9 10      | 10 0       |            |            |            |            |            |            |            |              |
| 11                                 | 5 0  | 5 0         | 10 0      |            |            |            |            |            |            |            |            |              |

£10 10s at death between ages 16 and 21, and £10 15s at death after age 21

5 LIFE INSURANCE POLICIES AS SECURITIES. When a certain number of premiums have been paid under a policy, usually three, but sometimes two, the company that granted the policy will pay a sum of money, called a cash surrender value, to the holder, in the event of the policy being discontinued by non-payment of the premiums. The cash surrender value increases in amount as more premiums are paid, and, consequently, when the stipulated number of years' premiums have been paid, the policy becomes a realisable asset, increasing in value as time goes on. If the assured is unable to continue the payment of the premiums, or does not wish to do so, he can either dispose of the policy to the granting company, or sell it to a third party, and it is frequently to his advantage to do the latter, since a higher price can sometimes be obtained from a private individual than the company will pay as a cash surrender value.

The sale of a life policy to a third party is called an assignment, the seller is the assignor, and the purchaser the assignee. The deed sets forth that in consideration of the purchase money, the assignor assigns the policy and all moneys, benefits, and advantages thereunder to the assignee. It is signed by the assignor in the presence of a witness, who should add his signature, address, and description to the document. The deed must be stamped with the proper Revenue stamp either before execution or within thirty days after. The purchaser, of course, takes upon himself the duty of paying the future premiums.

The assignee's title to the policy is not perfected until he has given notice of the transaction to the company that granted the policy. The Policies of Assurance Act, 1867, says (Sect. 3)—

"No assignment made after the passing of this Act of a policy of life assurance shall confer on the assignee therein named, his executors, administrators, or assigns, any right to sue for the amount of such policy, or the moneys assured or secured thereby, until a written notice of the date and purport of such assignment shall have been given to the assurance company liable under such policy, at their principal place of business for the time being; and the date on which such notice shall be received shall regulate the priority of all claims under any assignment, and a payment

*bond file* made in respect of any policy by any assurance company before the date on which such notice shall have been received shall be as valid against the assignee giving such notice as if this Act had not been passed."

The Act further provides (Sect. 6) that the company shall, if requested, acknowledge the notice of assignment, upon payment of a fee not exceeding five shillings.

The importance of giving notice to the company is thus very evident, since an assignee who omitted to give notice, and who also neglected to obtain the policy, would find himself postponed in favour of a second assignee who had acquired the policy in a *bond file* manner, and given notice of the transaction to the insurance company. Of course, the assignor would be acting fraudulently in disposing of the policy a second time.

Instead of disposing of his policy absolutely, the assured may assign it by way of mortgage. That is, he may borrow money and assign the policy to the lender as security, but reserve the right to have it reassigned to him on his repaying the debt with the interest due. This right to a reassignment is called the equity of redemption, and any condition in the mortgage deed intended to defeat the right of the mortgagor to redemption of the policy on the debt being duly discharged, is void.

Notice of the mortgage should be given to the insurance company, as in the case of an absolute assignment.

There is a less formal mode of mortgaging a policy known as an *equitable mortgage*, under which the assured merely deposits the policy with the creditor, accompanied, it may be, by a letter of charge, or an agreement to execute a proper mortgage if called upon to do so. Most insurance companies grant loans on security of their policies, within the surrender value, and instead of a mortgage by deed being executed, the assured deposits the policy with the company and signs an agreement setting forth the object of the deposit, the companies apparently not thinking it necessary to put the assured to the expense of the more formal document. On repayment of the loan, the assured is given a receipt for the money and the policy is handed back to him.

A life policy is often found very useful as collateral



security in the case of a loan. A bank, for example, may have the utmost faith in the probity and financial soundness of a trader, and be prepared to allow him overdrafts, confident that while he is alive its security is ample. In the case of his death, however, the business might dwindle, and the bank's security vanish; and to meet this possibility it is often required that a life policy shall be deposited with the bank, while the overdraft continues. It is not the cash surrender value of the policy which is looked upon as the important thing; it is the sum assured, out of which the bank could recoup itself in the event of the customer's death whilst indebted to it.

When a policy is mortgaged, the mortgagor continues to pay the premiums, and the mortgagee has certain powers reserved to him in the event of the mortgagor making default in such payment.

6. DISTRIBUTION OF LIFE INSURANCE PROFITS, OR BONUSSES. The policies granted by most insurance companies fall into two main classes. They are either "with profits" or "without profits." Under the former class, the premiums are higher than in the latter, in consideration of the right of the policyholder to share in the profits of the company, a privilege which is denied to the holders of "without profit" policies. The profits are determined by a valuation of the assets and liabilities of the company and the portion which is declared divisible among the participating policy-holders is allotted to the policies usually in one of four ways, *i.e.*—

(1) As a uniform percentage for each year since the previous valuation, calculated on and added to the original sum assured.

(2) As a uniform percentage for each year since the previous valuation, calculated on and added to the original sum assured plus existing bonuses.

(3) In reduction of future premiums, either for a fixed number of years, as 5 or 7, or for the whole future existence of the policy.

(4) As a payment in cash.

Methods (1) and (2) both have the title of reversionary bonus, since the amount of bonus allotted to a policy is not payable immediately, but in the future along with the sum assured. They are respectively distinguished by the names *simple* and *compound*. If two companies both declare a reversionary bonus of, say, £1 10s per cent per annum on their "with profit" policies, but the first is simple and the second compound, it is obvious that if two similar "with profit" policies are effected with the two companies, the bonuses on the second policy, from and after the second division of profits, will outstrip those on the first.

The following table shows the progression of the sum assured and added bonuses, assuming a reversionary bonus at the rate of £1 10s per cent. per annum to be allotted every five years—

Original Sum Assured £1,000.

| Years elapsed | Simple Plan | Compound Plan |
|---------------|-------------|---------------|
| 5             | 1,075       | 1,075         |
| 10            | 1,150       | 1,156         |
| 20            | 1,300       | 1,335         |
| 30            | 1,450       | 1,543         |
| 40            | 1,600       | 1,783         |

If the premiums and other circumstances are equal, it is evident that the second policy gives the better return to the policyholder.

Methods (3) and (4) are practised by a very small number of offices as the initial mode of allotting the profits, but they are offered as alternative options by practically all companies which divide their profits originally by either method (1) or (2). The temporary or permanent reduction in the premium allowed for a given amount of reversionary bonus varies with the attained age of the life and the class of policy, as also does the cash allowed. The older the life and the shorter the unexpired term of the policy, the larger is the reduction in premium or single cash payment that can be granted. The following table indicates these alternatives in respect of a reversionary bonus of £1 10s.

Whole Life Insurance.

| Attained Age :                 | 30                | 40                | 50                | 60                | 70                         |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|
|                                | <i>s</i> <i>d</i> | <i>s</i> <i>d</i> | <i>s</i> <i>d</i> | <i>s</i> <i>d</i> | <i>£</i> <i>s</i> <i>d</i> |
| Cash allowed                   | 9 0               | 11 3              | 14 3              | 17 11             | 1 1 6                      |
| Permanent Reduction in Premium | 0 6               | 0 9               | 1 0               | 1 9               | 0 3 0                      |

In a mutual office the profits belong to the members, while in the case of a proprietary office a fixed proportion, usually from 80 to 90 per cent. of the profits, is allotted to the policyholders, the balance going to the shareholders.

It is a well-known fact that the cost of obtaining a policyholder is much heavier than the future annual expenses of maintenance, and in view of this, some companies do not allow any bonus to their "with profit" policyholders for the first year; while others allow policies to participate from the beginning, but stipulate that if the life shall die before a certain number of years, ranging from one to five, have elapsed, the original sum assured only shall be payable, and not the bonuses in addition. In the latter case the bonuses are said to "vest" only after a certain number of years. The underlying idea, is that those policies which pass off the books before the heavy initial expense has been recouped in some degree out of the premiums, have not contributed to the profits, and accordingly are not entitled to share in them.

A small number of companies have a scheme whereby no bonus is allotted to a policy until a considerable term of years has elapsed, which is sometimes regulated by the time it takes for the premiums to accumulate at 4 per cent. compound interest to the sum assured, and sometimes by the number of years required for the life to attain his "expectation of life." This system gives large bonuses to those who survive the preliminary term, at the expense, of course, of those who fail to complete the term through death or discontinuance.

Formerly it was the practice, with a few exceptions, for insurance offices to make a valuation of their liabilities and assets not more frequently than every five years, and accordingly declarations of profit were made at the same intervals. Of late years a movement has been noticeable towards shortening the period between successive investigations. A yearly valuation is certainly a better check on the company's progress, but a year

## Endowment Insurance.

| Attained Age. | Years unexpired. |                |                 |                |                 |                |
|---------------|------------------|----------------|-----------------|----------------|-----------------|----------------|
|               | 10               |                | 20              |                | 30              |                |
|               | Cash Value       | Reduction      | Cash Value      | Reduction      | Cash Value      | Reduction.     |
| 35            | £ s d<br>1 0 6   | £ s d<br>0 2 9 | £ s d<br>0 15 0 | £ s d<br>0 1 3 | £ s d<br>0 11 9 | £ s d<br>0 0 9 |
| 45            | 1 0 9            | 0 2 10         | 0 15 9          | 0 1 4          | —               | —              |
| 55            | 1 1 3            | 0 3 0          | —               | —              | —               | —              |

being so small a portion of time in a life office's history, it is very essential that the whole of the revealed profits should not be divided every year, since fluctuations are bound to occur, which tend to equalise themselves in the course of a few years, and which should be provided for by the setting up of an undivided profit fund that can be drawn on in the lean years, and augmented in the prosperous years. It is, of course, very desirable that the whole of the profits revealed at a valuation should not be divided, whatever the period between successive investigations.

When a company values at lengthy intervals, it is important to know how policyholders, whose policies become claims between successive valuations, fare as regards the bonus allotted for the period elapsed between the last declaration of profit and the date of the claim. The bonus for this final period is known as an "intermediate" or "interim" bonus, and is settled at the preceding valuation at a rate usually lower than the rate then declared. For example, if the rate declared is £1 12s. per cent. per annum, the interim bonus for the future period up to the next valuation may be fixed at £1 8s. This lower rate, however, often only applies to claims by death, endowment insurance policies becoming claims by the survival of the life assured to the end of the selected term of years usually have a final bonus added to them at the same rate as was last declared.

The policyholders are notified of their share in the profits by means of "bonus certificates," which are despatched to them soon after the profits are ascertained. The certificate usually contains blank application forms for the cash or reduction in premium options, and also tables from which the policyholder can calculate the amount of either option in his particular case.

7. INSURABLE INTEREST. The foundation of the law of insurable interest is to be discovered in an Act passed in 1774, commonly called the Gambling Act, which was designed to prevent the speculation in human life that had become so rife at that time. Members of the Royal Family, politicians, generals, and other prominent individuals were insured by strangers with no other object than that of pure gambling, and the premiums for such insurances rose and fell with the reports of the state of health of the lives insured or their more or less exposure to danger. A man on trial for his life, for example, was a good subject for the speculators, and it can be readily understood that where a great many people would profit by the death of an individual, there was great danger that some one of them might be tempted to bring about, or at least to accelerate, the desired result.

The Act commences by saying that the making of insurances on lives where the insured has no interest has introduced a mischievous kind of gaming, and for remedy thereof, no insurance shall be made on any life or lives wherein the person or persons for whose benefit the policy shall be made shall have no interest, or by way of wagering or gaming, and that every such insurance shall be null and void to all intents and purposes whatsoever. The Act further provides that the name of the person for whose benefit the policy is made shall be inserted in the policy.

It follows from the Act that a policy effected by a person on a life wherein he has no interest is absolutely void, and cannot be enforced against the office granting the same, nor can the premiums be recovered back, unless there has been fraudulent mis-statement by the office or its agent, and it is accordingly important to consider what constitutes an insurable interest. The ruling principle is that the interest must be pecuniary, more relationship is not sufficient. The proposer of the insurance must be in such a relation to the life to be assured that he (the proposer) will be adversely affected pecuniarily by the decease of the life, and it is sufficient for the interest to be existing at the time the policy was taken out. Its subsequent disappearance does not affect the validity of the contract.

A man has an insurable interest in his own life to an unlimited amount. A creditor has an interest in the life of his debtor to the extent of the debt, and the subsequent repayment of the debt during the lifetime of the debtor does not render the policy void, in accordance with the rule mentioned above. A wife has an insurable interest to an unlimited extent in the life of her husband, and it has been decided that a husband as such has an insurable interest in the life of his wife.

A parent as such has no insurable interest in the life of his child, the cost of education and maintenance not being considered a valid ground for insurance. If the parent is pecuniarily interested in the child's life by reason of his right of inheritance to property depending on the child's life, for example, he is entitled to effect an insurance to the extent of his interest. A parent, as such, however, can effect a policy for a very limited sum on the life of his child for the purpose of providing funeral expenses, without possessing an insurable interest, by virtue of the Friendly Societies Act, 1896, the Sections that concern insurances on children under age 10 also applying to industrial insurance companies.

Under that Act, a parent may insure his child for a sum which must not exceed £6 if the child dies under age 5, or £10 if death occurs under age 10.

These amounts are the total sums to be received at the death of the child, and to prevent the limits being exceeded through insurances being effected with different societies or companies on the same life, payment of the sum assured must only be made by the insurers in the case of a death under age 10 on the production of a certificate of death in a special form on which the registrar of deaths has stated the name of the society or company and the amount claimed from it. The registrar is prohibited from issuing a set of certificates relating to one child for more than the maximum sum allowed according to the age at death. It is an offence for a society or company to pay such a claim to any other person than the parent or his personal representative, that is, his executor or administrator.

A voluntary undertaking to incur expense on behalf of a person, such as an undertaking to maintain and educate a child, given by someone who was not liable at law to do so, has been held to confer an insurable interest to the extent of the money actually so spent, since it is reasonable to anticipate that the outlay will be refunded by the person on whose account it is incurred, if he lives.

According to the law, an expectation of having to incur expense on the death of a person did not confer an insurable interest; but, in response to the public demand, industrial insurance companies had issued many policies to people having such expectation. By the Assurance Companies Act, 1909, these insurances were legalised—

"if the policy was effected by or on account of a person who had at the time a *bond fide* expectation that he would incur expenses in connection with the death or funeral of the assured, and if the sum assured is not unreasonable for the purpose of covering those expenses."

Future insurances for the sole purpose of providing funeral expenses were sanctioned by the Act on the life of a parent, grandparent, grandchild, brother, or sister, but any company issuing such policies outside these limits was made liable to heavy penalties. The existing right of a parent to insure a child for funeral expenses was not touched by the Act, but the amount payable at death under age 5 or 10 is limited as described above.

When a policy is assigned, the purchaser may have no insurable interest in the life assured, but, nevertheless, if the person who effected the policy had, at the issue of the policy, such an interest, the policy remains valid, and the assignee will be entitled to claim the sum assured from the office on the happening of the event assured against. It is essential that the assignment shall be a *bond fide* purchase. If the life takes out the policy himself with the intention that it shall be assigned to a third party who has no insurable interest in the life, but who hopes that by this method he will obtain a valid insurance, the contract will be as void as if it had been effected by the assignee directly with the office.

If a policy is effected by a person who has no insurable interest in the life, and, when the claim arises, the insurance company chooses to overlook the fact and pay the sum insured, no one else but the policyholder is entitled to claim the money. The Gambling Act is simply a means of defence to the company if it wishes to utilise it, and if not, the destination of the policy moneys is the same as if the Act did not exist. For example, the creditors or the representatives of the life insured

are not entitled to receive the proceeds of the policy as against the party who effected the policy, when the latter had no insurable interest at the time the policy was issued to him.

8. LIFE INSURANCE OFFICES. The rudimentary beginnings of the vast and complex organisation of companies and societies which exists to-day for the transaction of life insurance are to be traced in the foundation by Royal Charter of the "Amicable Society for a Perpetual Assurance Office," in the year 1706. For 100 years the plan on which the society was worked was the very simple one of dividing the proceeds of each year's subscriptions among those members who died in the year, the amount of each member's subscription being fixed irrespective of the age at which he entered the society, although lives below the age of 12 or over 45 were excluded. The contributions being so fixed, it is evident that the share of a deceased member in the year's subscription would fluctuate according to the rates of mortality experienced in different years, but in 1734 it was arranged that the amount allotted to a deceased member should not fall below £100. The "Amicable" continued to admit all new members between the ages mentioned above at the same rate of contribution until 1807, when the more scientific practice of graduating the premiums according to the age at entry was adopted.

Long before the "Amicable" had made the forward step just described, however, another life office had been launched, which from its inception charged premiums varying with the age of the life at entry. This was the "Society for Equitable Assurances on Lives and Survivorships," which commenced business in the year 1762, after a delay of five years owing to difficulties connected with its constitution. A petition for a charter of incorporation had been presented in 1757, but, after four years' consideration, it was rejected by the Law Officers of the Crown, and the promoters thereupon proceeded by deed of settlement, under which the society was duly brought into being. The objects of the society were to undertake the insurance of definite sums payable on the decease of single lives, or the failure of joint lives, and to grant annuities. The age at entry, and the state of health of lives proposed for insurance were taken account of in fixing the premiums, and rules were laid down for the investment of the funds which naturally accumulate when premiums are charged, uniform throughout the period of insurance, but graduated according to age. The division among the members of any excess of assets over liabilities that might arise from time to time was provided for, and, in short, most of the essential features of a modern life office were represented, though in a crude and tentative form.

In the year 1720 two other companies, the "Royal Exchange" and the "London Assurance" were granted charters of incorporation, both including with the transaction of life insurance business, marine, fire, accident, and other branches. For a considerable time after their origin these two companies appear to have transacted very little life insurance business, and that only in the form of insurances for a limited term of years, such as 1, 5, or 7.

After the foundation of the "Equitable," new life offices were created in considerable numbers, and, needless to say, many were bogus concerns, the only object of the promoters being to obtain as much money out of an unsuspecting public as

(FACSIMILE OF ABSOLUTE ASSIGNMENT OF LIFE POLICY)

**This Indenture** made the *first* day of *July* One thousand nine hundred and *Between* *Joseph Simpson* of *389 Bridge Street Stanfield* in the *County* of *Whitshire* (hereinafter called the Vendor) of the one part and *Alfred Robinson* of *983 White Street Greenford* in the *County* of *Blackshire* (hereinafter called the Purchaser) of the other part **Witnesseth** that in consideration of the sum of *Two hundred and forty pounds* this day paid by the Purchaser to the Vendor for the absolute purchase of the Policy hereby assigned (the receipt of which sum the Vendor doth hereby acknowledge) The Vendor as Beneficial Owner **Doth** hereby assign unto the Purchaser **All** that Policy of Assurance for the sum of *five hundred* pounds on the life of *the said Joseph Simpson* granted by the *Royal Union Insurance Company* dated the *tenth* day of *December* One thousand *eight* hundred and *ninety-six* numbered *389745* and under the annual premium of *twenty three pounds ten shillings* and all moneys assured or to become payable by or under the said policy and the full benefit thereof **To hold** the premises unto the Purchaser absolutely **And** the Vendor doth hereby covenant with the Purchaser that the Vendor will not do or knowingly suffer anything whereby the said Policy may be rendered void or voidable or any additional premium or payment shall become payable in respect thereof or the Purchaser his executors administrators or assigns may be prevented from receiving the several moneys assured or to become payable by or under the said Policy or any part thereof respectively **And** it is hereby declared that the transaction hereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value or the aggregate amount or value of the consideration exceeds Five hundred pounds **In witness** whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed Sealed and Delivered by the  
above-named *Joseph Simpson*  
and *Alfred Robinson*  
in the presence of  
*Thomas Turton,*  
*84 Blue Street*  
*Whiteton,*  
*Surveyor.*

JOSEPH SIMPSON

ALFRED ROBINSON



Note—Notice of this Assignment must be given to the Assurance Company.

---

DATED *July 1st,* 19..

---

*Mr. Joseph Simpson*

— 10 —

*Mr. Alfred Robinson*

---

**Assignment**  
Of Policy of Assurance.

---

possible. For example, one company called the "Independent West Middlesex" was formed in 1836, which advertised annuities at rates about 30 per cent more favourable than those offered by the established companies. The promoters placed upon the prospectus of the company the well-known names of bankers, Members of Parliament, and others, the initials being altered only, and it is estimated that about £250,000 was extracted from the public before the bubble was pricked.

The business of life insurance is differentiated from most of other undertakings in that the liabilities incurred do not generally mature within a comparatively short period; but it may be at the end of 20, 30, 40, or even 60 years from their acceptance. On the other hand, the consideration for the acceptance of these liabilities, that is, the premiums, comes in to the office year by year, and, consequently, the premium income of a young office largely exceeds its payments under its policies. Here lies a strong temptation to the management to spend profusely on the acquisition of further new policyholders, either by its own agents, or on a larger scale by the purchase of another office. A steady influx of new insurances is, of course, necessary to the continued existence of an office, but the expenditure incurred in keeping up the supply ought to be vigilantly watched, as prodigality is bound to have effects, sometimes disastrous, in later years when the liabilities begin to mature.

An inordinate desire for expansion at all costs led, about 1870, to the downfall of two companies, the "Albert" and the "European." For some time previous to the collapse there had been an uneasy feeling in the insurance world that all was not right with these concerns, but nothing definite could be proved against them, because there was no law requiring the publication of full accounts and valuation results, and tradition was against publicity, even in the case of the reputable companies. Most offices only published carefully selected figures, and relied mainly on the confidence of the public in their good name and the credit of the directors who were in control, and, accordingly, it was very difficult, if possible at all, to ascertain the true position of a company. Matters had reached such a stage with the "Albert" in 1869, however, that it found it impossible to continue business any longer. The office had been founded in 1838, and up to 1865 it had absorbed by amalgamation the startling number of twenty-six other offices, some of which were larger than itself, and had attained thereby to a premium income of £300,000 per annum. In 1866 a valuation of its assets and liabilities had been made, at which a deficiency of more than £250,000 had been shown, which was, however, kept secret. In 1868 the crisis came to a head, the outgoings being greater than the income, the claims increasing, and the premium income decreasing. An investigation of the company's affairs followed, and it was discovered that the cause of the failure was the sums of money which had been paid or mis-applied for the purpose of obtaining the transfer of the companies absorbed. The process of winding-up was so complicated, that a special Act of Parliament had to be passed, by which an arbitrator was appointed, with powers to settle finally the conflicting rights of all concerned, and in about four years the affair was completed, at a cost of £70,000.

The history of the downfall of the "European" is nearly identical with that of the "Albert." Unscrupulous amalgamations were the main contributing cause, coupled with laxity in the admission of lives not up to a proper standard of health. Attempts were made to save the company by a reduction of the sums assured under the policies, and also by a transfer to another company, but both attempts failed, and liquidation became necessary. An arbitrator was appointed by Parliament in 1872, and no less than seven years elapsed, during which two arbitrators died, before the proceedings terminated. The total cost of the winding-up exceeded £180,000.

Such occurrences as these convinced the Government of the day that the business of life insurance demanded special legislation, and accordingly the Life Assurance Companies Act of 1870 was passed.

This Act, which regulated life insurance companies until its repeal by the Assurance Companies Act of 1909, has been of inestimable service both to the public and to the companies themselves. From its becoming law, it was no longer possible for companies to carry on their operations year after year under a cloak of secrecy, or with the publication of only that information which told in their favour. Henceforth, at the end of each financial year of the company, a full revenue account, showing the income and outgo of the year, and a balance sheet showing the assets and liabilities at the end of the year, had to be furnished to the Board of Trade, and at least once every ten years in the case of a company established before the passing of the Act, and at least once every five years if the company was established afterwards, a valuation of the assets and liabilities under the policies had to be made by an actuary, and the results submitted to the Board of Trade, accompanied by a statement as to how the valuation was made. Such details of the policies included in the valuation also had to be supplied as would enable an independent actuary to test roughly the accuracy of the results of the investigation.

A description of the principles and methods of a life office valuation will be found in an earlier part of this article, and it is there shown that the calculated liability of a life insurance office under its policies varies very considerably according to the rates of interest and mortality which are assumed to operate in the future, and it is, therefore, possible to bring out a comparatively light liability by judiciously selecting these factors. The Act of 1870 did not, however, attempt to lay down any rate of interest or table of mortality for valuations. It simply said that a valuation must be made, and the rates of interest and mortality employed divulged, and the policy of the framers of the Act has been very aptly summed up in the two words: "Freedom" and "Publicity." The companies had freedom in the selection of the methods they chose to employ, but their choice was to be exposed to the criticism of the Press and public, as the returns were laid before Parliament, and published as a Blue Book, yearly.

One very important provision aimed against the formation of mushroom companies, was to the effect that no company was to be established after the passing of the Act until a sum of £20,000 had been deposited with the Court of Chancery, and the deposit was not to be repaid until the company had accumulated a fund of £40,000 out of the premiums.

Amalgamations and transfers of companies were controlled by the Act, and were not to have effect until the sanction of the court had been obtained; and if policyholders representing one-tenth or more of the total amount assured dissented, the court was not to sanction the proposal.

The Act empowered the court to order the winding-up of any company on the application of one or more policyholders or shareholders, upon its being proved to the satisfaction of the court that the company was insolvent; but in order to prevent vexatious proceedings being taken against a company for the sole purpose of injuring its credit, the court was not to give a hearing to the petition until security for costs had been given, and a *prima facie* case established to the satisfaction of the judge. In place of making an order for winding-up, the court was given power, if it thought fit, to reduce the sums assured under the company's policies to such an extent as to render it solvent.

The Act of 1870, amended in certain details by statutes passed in 1871 and 1872, continued to be the law regulating life insurance companies until July 1st, 1910, when the Assurance Companies Act of 1909 came into operation. This Act embraces in its scope life, fire, accident, employers' liability, and bond investment insurance, and the part which

deals with life insurance is in most respects similar to the Act of 1870, with only such additions and modifications as have been found desirable by experience. The policy of the earlier Act of not laying down any definite valuation basis is not departed from, but a valuation statement has now to be made by every company, whether established before 1870 or not, at intervals not exceeding five years, and every company has to deposit and keep deposited the sum of £20,000 with the Supreme Court, no matter how large its accumulated funds may be.

The provisions of the 1909 Act regarding the amalgamation and transfer of companies are very similar to those of the earlier Act. The dissent of policyholders representing one-tenth or more of the total sum assured is still sufficient to prevent the court sanctioning the proposal.

The court may now order the winding-up of an insurance company on the petition of ten or more policyholders who own policies of an aggregate value of not less than £10,000. This is in contrast to the 1870 Act, under which the petition of one policyholder was sufficient.

By the 1909 Act, the forms in which the revenue account and balance sheet of a company are to be returned were somewhat amplified, and are now as follows—

#### Revenue Account of the . . . . . for the year ending . . . . .

|  | £ | s | d |  | £ | s | d |
|--|---|---|---|--|---|---|---|
| Amount of Life Insurance Fund at the beginning of the year . . . . . |   |   |   | Claims under policies paid and outstanding:  |   |   |   |
| Premiums . . . . .   |   |   |   | By death . . . . .   |   |   |   |
| Consideration for annuities granted . . . . .                        |   |   |   | „ maturity . . . . .   |   |   |   |
| Interest, dividends, and rents . . . . .                             |   |   |   | Surrenders, including Surrenders of Bonus Annuities . . . . .                        |   |   |   |
| Less Income Tax thereon . . . . .                                    |   |   |   | Bonuses in Cash . . . . .  |   |   |   |
| Other receipts (accounts to be specified) . . . . .                  |   |   |   | Bonuses in reduction of Premiums . . . . .   |   |   |   |
|  |   |   |   | Commission . . . . .   |   |   |   |
|  |   |   |   | Expenses of Management . . . . .   |   |   |   |
|  |   |   |   | Other Payments (accounts to be specified)  |   |   |   |
|  |   |   |   | Amount of Life Insurance Fund at the end of the year, as per Balance Sheet . . . . . |   |   |   |

#### Balance Sheet of the . . . . . on the . . . . .

| Liabilities  | £ | s | d | Assets   | £ | s | d |
|--|---|---|---|--|---|---|---|
| Shareholders' Capital paid up (if any) . . . . .     |   |   |   | Mortgages . . . . .                                  |   |   |   |
| Life Insurance Fund . . . . .                        |   |   |   | Loans . . . . .                                      |   |   |   |
| Annuity Fund . . . . .                               |   |   |   | Investments . . . . .                                |   |   |   |
| Claims admitted or intimated, but not paid . . . . . |   |   |   | (Each of the above is divided into several classes)  |   |   |   |
| Other sums owing by the Company . . . . .            |   |   |   | Agents' Balance . . . . .                            |   |   |   |
|  |   |   |   | Outstanding Premiums . . . . .                       |   |   |   |
|  |   |   |   | Outstanding Interest, Dividends, and Rents . . . . . |   |   |   |
|  |   |   |   | Interest accrued but not payable . . . . .           |   |   |   |
|  |   |   |   | Cash—  |   |   |   |
|  |   |   |   | On deposit . . . . .                                 |   |   |   |
|  |   |   |   | In hand and on current account . . . . .             |   |   |   |
|  |   |   |   | Other assets (to be specified) . . . . .             |   |   |   |

The premiums, annuity consideration, claims, surrenders, annuities, bonuses in cash and reduction of premiums, and commission, have to be shown separately for business secured by branches or agencies within and without the United Kingdom.

A statement of the new policies issued by the company for the year of account has to be appended to the Revenue Account, showing the number of policies, the sums insured thereby, and the single and annual premiums payable, the particulars being given separately for business secured within and without the United Kingdom.

On every occasion when a statement of the results of a valuation is made, the balance sheet must state how the values of the Stock Exchange securities are arrived at, and a certificate must be appended, signed by the same persons as sign the balance sheet, to the effect that in their behalf the assets set forth in the balance sheet are in the aggregate fully of the value stated therein, less any investment reserve fund taken into account.

Life insurance offices may be divided into two classes, namely, "mutual" and "proprietary." Offices belonging to the former class have no shareholders, and accordingly the whole of the profits realised belongs to the policyholders, or to such as are assured under "with profit" policies, since many mutual offices issue "without profit" policies under which the assured is not entitled to participate in the profits, a lower premium being charged in respect of such policies. "Proprietary" offices have a paid-up capital, subscribed by shareholders, on which dividends are declared periodically as in the case of any other trading company, but the shareholders do not also take the whole of the profits as revealed by the valuations (which in many cases are made quinquennially), but only a small proportion thereof, as much as 80 to 95 per cent. being usually divided under the name of "bonuses" among the assured who hold "with profit" policies, merely the balance of from 5 to 20 per cent going to the shareholders.

Most life offices have branches in all the principal centres of population, under the control of "local agents," "branch managers," or "resident secretaries." Attached to each branch are agents and inspectors, whose business it is to attract new policyholders by explaining the advantages of life insurance in general, and of their own office in particular, to as many people as possible. Some of the "mutual companies," however, have no paid agency system, the recommendations of existing policyholders being entirely relied upon to produce the necessary inflow of new insurances to replace the wastage occasioned by death and withdrawal.

The agency organisation is in every case controlled by a chief office, to which all proposals for insurance are submitted by the branches. The chief office of a company is usually organised into departments, each under its head, who is responsible to the manager, he in his turn being responsible to the directors. The departments are usually as follows—

"**Actuarial.**" Here a record of the company's policies is kept, classified according to the requirements of the periodical valuations. The mortality experience of the company is investigated, and compared with that expected by the table of mortality employed in the valuations, and tables of premiums and rates for special forms of policies are calculated. Surrender values and free policies, which are granted on the discontinuance of policies,

are also quoted to the branches from this department, which usually has a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries as its chief.

"**Policy.**" This department receives new proposals for insurance, examines and passes them, issues the new policies, and endorses alterations and corrections on existing policies.

"**Accountancy.**" Here the branch accounts and the premium accounts are kept. The premium receipt forms and lists of premiums due are prepared and forwarded to the branches monthly, and the returns from the branches of premiums paid and policies discontinued dealt with.

"**Investment.**" The investment of the company's funds is managed in this department. The market values of the securities held are carefully watched, the due receipt of the interest, dividends and rents, instalments of capital, cash under drawn bonds, &c., is looked after, and the investment of the surplus moneys of the company at as high a rate of interest as possible, consistent with safety, is arranged.

"**Legal.**" Here all questions of title to policies under assignments, &c., are investigated, policy forms settled, and legal proceedings by or against the company dealt with.

The "**Claims**" and "**Agency**" departments deal with matters indicated by their respective titles.

**9. LIFE INSURANCE AGENT.** Most life insurance companies obtain the greater part of their "new business," as new insurances are called, through the activities of their agents, who are distributed practically all over the country. The "ordinary" offices, which transact insurance by yearly, half-yearly, or quarterly premiums, usually have branches established in the large towns, with an organisation of agents attached to each, consisting of accountants, estate agents, and others who are able to influence life insurance business in the direction of the office they represent. These agents are supervised and assisted by "inspectors," who devote their whole time to the service of the company, and who are expected to maintain a certain influx of new insurances. The "industrial" companies, on the other hand, have large staffs of agents who devote their whole time to the business under the supervision of "superintendents."

A life insurance agent, as a rule, is only empowered to receive proposals for insurance from the public, and to collect premiums and remit them to the chief office of the company. He has no authority to grant insurances; proposals must be submitted by him to the chief office, and, if accepted there, the policies are forwarded to the agent for delivery to the assured. An agent cannot reinstate lapsed policies, nor can he waive or alter any of the conditions on which a policy is granted. The notice of assignment of a policy should be sent direct to the chief office of the company, and not to an agent, as, except in cases where the agent has authority to receive such notices, the company is not bound thereby. (See *Life Insurance Policies as Securities*, Section 5 of this article.)

An insurance company is bound by all acts of the agent within the scope of his authority; and if he obtains proposals by means of mis-statements, knowing them to be false, the company cannot profit by the fraud of its agent, and on such fraud being proved must return all premiums paid under the policy. Thus, where an agent obtained an insurance by stating that the proposer had an



insurable interest in the life, when, as a matter of fact, he knew that the proposer had not any such interest, it was held that all premiums must be refunded.

In another case where the agent told the proposer that he had an insurable interest, believing same to be true, whereas no such interest existed, it was held that the premiums should not be returned, as both parties honestly made the same mistake in the law, and money paid under a contract in such circumstances cannot be recovered.

The proposer of an insurance is bound to exercise the utmost good faith in answering the questions on the proposal form, and if the agent is allowed to fill in the answers, and either knowingly or ignorantly inserts wrong statements, the policy may be rendered void thereby, as it is the proposer's duty to see for himself that the proposal form is correctly filled in.

An insurance agent is bound to keep proper accounts of all receipts and payments, to forward statements of same to the chief office of the company from time to time, and also to remit balances of cash not required by him for the proper conduct of his agency. A bond is almost invariably required from him for the faithful discharge of his duties (at least with the industrial offices), the surety being either a private individual or one of the guarantee companies which make a business of becoming surety, in consideration of a yearly premium, regulated by the amount of the bond, the occupation of the person guaranteed, and his personal record.

In some companies the agent is permitted to deposit the amount of the guarantee required, and interest is paid to him on the amount so deposited. On the termination of the agent's appointment, the deposit is returned to him if his accounts and cash are in order, but if there is any deficiency the deposit is drawn on for the amount of such deficiency.

**LIFE INTEREST.**—The beneficial interest in any kind of property which lasts during the life of the beneficiary or some other person.

#### **LIFE-SAVING APPARATUS AND APPLIANCES.**

—It is the duty of every owner or master of a British ship to see that she is provided with the number of lifeboats, life-rafts, life-jackets, and life-buoys which his ship is required to carry by the rules made by the Board of Trade, in accordance with the provisions of Section 427 of the Merchant Shipping Act, 1894. He must also see that his ship is provided with lights and the means of making fog-signals in conformity with the collision regulations. If the vessel is a sea-going steamship not used wholly as a tug, she must also be provided with a hose capable of being connected with the engines of the ship and capable of extinguishing fire in any part of the ship, and if a passenger vessel, she must have her compasses properly adjusted from time to time. Ships may be surveyed by ship surveyors, who for that purpose have the powers of a Board of Trade inspector to see if they are properly provided with life-saving appliances. After January 1st, 1909, the above Sections (sub-sec. 427-431) of the Merchant Shipping Act, 1894, applied to all foreign ships while in this or any port of the United Kingdom in the same way as they apply to British ships, unless directed otherwise by Order in Council (M.S.A. 1906, Sec. 4). Every emigrant ship must, if a foreign ship, be provided with, amongst other things, four properly fitted lifebuoys, ready

at all times for immediate use. The master of a British ship is required, under penalty, to enter in the official log-book the occasions when boat drill is practised on board, and when the life-saving appliances are examined in order to see that they are fit and ready for use (M.S.A. 1906, Sec. 9).

The provisions of the Merchant Shipping Act relating to life-saving appliances apply to all foreign ships while they are within any port of the United Kingdom as they apply to British ships; but by Order in Council foreign ships may be exempted in cases where the laws of the country to which the ship belongs contain provisions relating to life-saving appliances which appear to be equally effective, on proof that the provisions are complied with. The law has, however, been considerably amended by the Merchant Shipping (Convention) Act, 1914, which provides increased measures of safety including compulsory wireless equipment under international rules.

**LIGHT DUES.**—These are dues which are levied on a ship by the Board of Trinity House for the maintenance and upkeep of lights, beacons, buoys, etc., round the British coast.

**LIGHTER.**—A large, flat-bottomed barge or boat, usually propelled or guided by two heavy oars, and used for conveying merchandise, coals, etc., between ships and portions of the shore they cannot reach by reason of their draught. The owners of lighters are liable like other common carriers for hire. It is a term of the contract, on the part of the carrier or lighterman, implied by law, that his vessel is tight, and fit for the purpose or employment for which he offers and holds it forth to the public. When the contract provides that the cargo is to be brought "alongside" by the charterer, that means, it seems, actually to the side of the ship, and if the loading is done by lighters, the cost of lightering must be paid by the charterer, though the vessel may not be able to lie at the usual loading place. The important question whether the charterer is ordinarily bound to be ready with the appliances required for taking the cargo to or from alongside the ship has given rise to much difficulty, but it now seems clear that there is no such absolute obligation.

**LIGHTERAGE.**—The money paid for conveying goods in lighters.

**LIGHTERMAN.**—A lighterman is the owner or manager of a lighter. He is considered to be a common carrier.

**LIGHT GOLD.**—Gold coins which fall below a certain weight cease to be legal tender (*qv*). The least current weights for the various gold pieces are given in the article on COINAGE.

By Section 7 of the Coinage Act, 1870, it is provided—

"Where any gold coin of the realm is below the current weight as provided by this Act, or where any coin is called in by proclamation, every person shall, by himself or others, cut, break, or deface any such coin tendered to him in payment, and the person tendering the same shall bear the loss. If any coin cut, broken, or defaced in pursuance of this Section is not below the current weight, or has not been called in by any proclamation, the person cutting, breaking, or defacing the same shall receive the same in payment according to its denomination."

It will be noticed that there is no penalty attaching to any person for non-compliance with this Act. In practice this cutting or breaking never takes

**This Indenture** made the *first* day of *July* One thousand nine hundred and .. **Between** *John Jones* of *894 Cheapside* in the *County* of *London* (hereinafter called "the Mortgagor" which expression shall except where repugnant to the context include his executors administrators or assigns) of the one part and *Joseph Brown* of *836 Strand also* in the *County* of *London* (hereinafter called the "Mortgagee" which expression shall except where repugnant to the context include his executors administrators or assigns) of the other part **Witnesseth** that in consideration of the sum of *Fifty five pounds* this day paid by the Mortgagee to the Mortgagor (the receipt whereof the Mortgagor doth hereby acknowledge) The Mortgagor as beneficial owner Doth hereby assign unto the Mortgagee **All** that Policy of Assurance for the sum of *Four hundred* pounds on the life of the Mortgagor granted by the *Mutual Life Insurance Company* dated the *twentieth* day of *October* One thousand *nine* hundred and *ten* numbered *895384* and under the *annual* premium of *Fifteen pounds* and all the moneys assured by or to become payable under the said policy and the full benefit thereof **To hold** the same premises unto the Mortgagee subject to the proviso for redemption hereinafter contained **Provided always** that if the Mortgagor shall on the *first* day of *January* next pay to the Mortgagee the said sum of *Fifty five pounds* with interest for the same in the meantime at the rate of *six* pounds per cent. per annum then the Mortgagee shall at any time thereafter upon the request and at the cost of the Mortgagor re-assign the said premises hereby assured unto the Mortgagor or as the Mortgagor shall direct **And** the Mortgagor doth hereby covenant with the Mortgagee that the Mortgagor will pay to the Mortgagee on the *first* day of *January* next the said sum of *Fifty five pounds* together with interest for the same in the meantime at the rate of *six* pounds per cent. per annum **AND IF AND SO LONG AS** any principal money shall remain owing on the security of these presents after the *first* day of *January* next will pay to the Mortgagee interest for the same at the rate aforesaid by equal half-yearly payments on every *first* day of *January* and *first* day of *July* **And that** the Mortgagor will not do or suffer anything whereby the said Policy of Assurance may become void or voidable or the Mortgagee may be prevented from receiving any of the moneys thereby assured **And that** if the said policy shall become voidable the Mortgagor will immediately thereupon at his own cost do all things necessary for restoring and keeping on foot the said policy **And that** if the said policy or any policy to be effected in lieu thereof as hereinafter provided shall become void the Mortgagor will immediately thereupon at his own cost effect or enable the Mortgagee to

effect a new policy on the life of the Mortgagor in the name of and in some office to be approved by the Mortgagee and in the sum of *Four hundred pounds* at the least And that every such new policy and all the moneys to become payable thereunder shall be subject to the proviso for redemption hereinbefore contained and to all the trusts powers covenants and provisions applicable by virtue of these presents to the said policy of Assurance hereby assigned and the moneys to become payable under the same and shall be saleable under the statutory power in that behalf in the same manner in all respects as if originally comprised in these presents And that the Mortgagor will during the continuance of this security duly pay all premiums and other sums of money (if any) which shall become payable for keeping on foot the said policy hereby assigned and any new policy to be effected in lieu thereof and deliver to the Mortgagee the receipt for every such payment within seven days after the same shall have become due And that if the Mortgagor shall fail to make any such payment the Mortgagee may make the same And that the Mortgagor will on demand repay to the Mortgagee all moneys which shall have been expended by the Mortgagee in keeping on foot the said policy of Assurance hereby assigned or in effecting or keeping on foot any new policy in lieu thereof with interest thereon at the rate aforesaid from the time or respective times of the same having been expended and that until such moneys shall be repaid with interest the said Policy of Assurance hereby assigned and any new policy to be effected as aforesaid and the moneys to become payable under the same respectively shall be charged with the payment of such moneys and interest And it is hereby declared that any sale under the statutory power in that behalf either of the said policy hereby assigned or of any new policy to be effected in lieu thereof may be made either by way of surrender to the office by which the same respectively has been or shall have been granted or otherwise Provided always and it is hereby declared that the Mortgagee shall not be answerable for any involuntary losses which may happen in or about the exercise of any of the powers or trusts vested in or exercisable by the Mortgagee as Mortgagee under or by virtue of these presents In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed sealed and delivered by the

above-named Mortgagor and Mortgagee  
in the presence of  
*Thomas Townsend,*  
*896 Cheapside,*  
*London, E.C.*  
*Jeweller.*

JOHN JONES

JOSEPH BROWN



place, and in normal times there is plenty of light gold in circulation, but when once it reaches the Bank of England it is never re-issued.

By the Coinage Act, 1891, where gold coins which are not more than 3 grains below their standard weight are handed in at the Mint, full value will be given for them, if the loss in weight is due to reasonable wear and tear.

**LIGHTHOUSES.**—Lighthouses are buildings erected along the seashore, or upon rocks, from which lights are exhibited at night for the direction of mariners. It is probably from the desire of preserving property, rather than from the wish to provide for personal safety, that the systematic establishment of lighthouses has sprung. The earliest lighthouses, of which records exist, were the towers built by the Libyans and Cushites in Lower Egypt. The most celebrated lighthouse of ancient times was that erected about B.C. 283 in the reign of Ptolemy Philadelphus, on the island of Pharos, opposite to Alexandria. It is from this building, or rather from the island on which it stood, that lighthouses have in many countries received their generic name of Pharos. This lighthouse was regarded as one of the wonders of the world. It is said to have been 600 ft. in height, but the evidence in support of this statement is doubtful. Mr. Justice Day, in *Gilbert v. Trinity House*, 1886, 17 Q.B.D. 600, said: "Lights and beacons were at one time almost universally private property. Persons erected beacons or lighthouses when they were required, and those who navigated the seas, at first perhaps voluntarily, and afterwards by compulsion, paid tolls in respect of them. Rights gradually grew up, rights recognised by law, and rights enforced; it may be, by charters or by Acts of Parliament. With the gradual development of those rights it became necessary at last to bring all those lighthouses and beacons under one general authority, and eventually in 1854 they were all brought under one central authority of the Trinity Board, which had long had an existence originally as a private body, and gradually and naturally developing its authority and influence and acquiring fresh powers, until at length all lighthouses and beacons were vested in it." The Merchant Shipping Act, 1891, enacts that "lighthouses" shall, in addition to the ordinary meaning of the word, include any floating, and other light exhibited for the guidance of ships, and also any sirens and any other description of fog signals, and also any addition to a lighthouse of any improved light, or any siren, or any description of fog signals. There are three general lighthouse authorities: The Trinity House, the Commissioners of Northern Lights, and the Commissioners of Irish Lights. The lighthouses, buoys, and beacons throughout England and Wales, and the Channel Islands, and the adjacent seas and islands, and at Gibraltar are vested in the Trinity House, throughout Scotland and the adjacent seas and islands, and the Isle of Man, in the Commissioners of Northern Lights, and throughout Ireland, and the adjacent seas and islands, in the Commissioners of Irish Lights. These lighthouse authorities must give to the Board of Trade all information which the Board may require. The Board of Trade may, on complaint that any lighthouse is inefficient or improperly managed, authorise any persons appointed by them to inspect the same. The Trinity House and any of their servants may at all times enter any lighthouse within their jurisdiction for the purpose of viewing their condition. The Trinity House may,

with the sanction of the Board of Trade, direct the Commissioners of Northern Lights or the Commissioners of Irish Lights to continue any lighthouse, to erect or alter any lighthouse or buoy, or to vary its character or mode of exhibiting lights therein.

**LIGHT LOCOMOTIVES AND MOTOR LAWS.**—A "light locomotive," according to the Locomotives on Highways Act, 1896, is any vehicle propelled by mechanical power if it is under 3 tons in weight unladen, and is not used for the purpose of drawing more than one vehicle (such vehicle with its locomotive not to exceed in weight unladen 4 tons), and is so constructed that no smoke or visible vapour is emitted therefrom, except from any temporary or accidental cause. A motor car is a light locomotive as defined by the Act of 1896. The weight above-mentioned may now be 5 tons, or, with a trailer, 6½ tons, but all the requirements of the Heavy Motor Car Order, 1904, must then be complied with. In 1903 the Motor Car Act was passed, which initiated a system of registration and numbering of cars in order to facilitate identification. A series of regulations under the Act have been made by the Local Government Board relating to: (1) Registration and licensing, 1903, (2) use and construction, 1904, and (3) heavy motor cars (*i.e.*, of a weight exceeding 2 tons), 1904.

In calculating the weight of a vehicle unladen, the weight of any water, fuel, or accumulators used for the purpose of propulsion is not to be included. During the period between one hour after sunset and one hour before sunrise, the person in charge of a light locomotive must carry attached thereto a lamp so constructed and placed as to exhibit a light in accordance with the regulations made by the Local Government Board. The lamp must be so constructed and placed as to exhibit, during the said period, a white light visible within a reasonable distance in the direction towards which the motor car is proceeding or is intended to proceed, and to exhibit a red light so visible in the reverse direction. The lamp must be placed on the extreme right or left side of the motor car in such a position as to be free from all obstruction to the light.

The Heavy Motor Car Order, 1904, in effect divides motor cars into two classes, in that all cars exceeding 2 tons in weight unladen are subject to its regulations. Very few private motor cars exceed 2 tons in weight, hence the ordinary car does not come within the provisions of the Order of 1904, but is subject only to the Act of 1903, the Registration and Licensing Order of 1903, and the Use and Construction Order of 1904.

Every motor car must be registered with the council of a county or county borough, and a separate number must be assigned to every car registered. A mark, indicating the registered number of the car and the council with which the car is registered, must be fixed on the car. A person must not drive a motor car on a public highway unless he is licensed for the purpose, and a person must not employ any person who is not so licensed to drive a motor car. The council must grant a licence to drive a motor car to any person applying for it who resides in that county or county borough on payment of the proper fee, unless the applicant is disqualified. A licence remains in force for a period of twelve months from the date on which it is granted. A licence must be produced by any person driving a motor car when demanded by a police constable. Any person under the age of seventeen is disqualified for obtaining a licence

(except that a licence limited to driving motor cycles may be granted to a person over the age of fourteen years), and any person who already holds a licence is disqualified for obtaining another licence while the licence so held by him is in force. A licence to drive a motor car is no guarantee of fitness.

A person must not, under any circumstances, drive a motor car on a public highway at a speed exceeding 20 miles an hour. Manufacturers and dealers are placed in a privileged position with regard to cars on trial after completion, or on trial by an intending purchaser. They receive what is known as a general identification mark from the registering authority, and may affix the same to any car of the class above-mentioned; but whenever such mark is used, the name and address of the person driving the car must be recorded, and such record must be open to inspection by the police.

The following recommendations for notices and sign-posts, under Section 10 of the Motor Car Act, 1903, have been adopted by the County Councils Association and the Municipal Corporations Association—

1. For 10 mile or lower limit of speed, a white ring, 18 in. in diameter, with plate below, giving the limit in figures (Fig. 1).

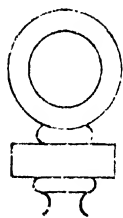


FIG. 1.

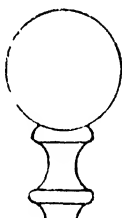


FIG. 2

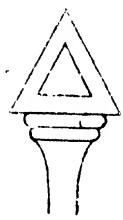


FIG. 3

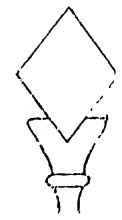


FIG. 4

2. For prohibition, a solid red disc, 18 in. in diameter (Fig. 2).

3. For caution (dangerous corners, cross roads, or precipitous places), a hollow, red, equilateral triangle, with 18 in. sides (Fig. 3).

4. All other notices under the Act to be on diamond-shaped boards (Fig. 4).

All such notices should be placed on the near side of the road, facing the approaching driver, and at about 50 yds. from the spot to which they apply, the under-side of the sign being not less than 8 ft. from the ground level.

For scale of licence duties see LICENCES.

**LIGHT RAILWAYS.**—A light railway is one constructed under the provisions of the Light Railways Act, 1896; but the Commissioners appointed under that Act have authorised many lines which, in their physical characteristics, are indistinguishable from street tramways constructed under the Tramways Act, and to these the term "light railways" would not be applied in ordinary parlance. Still they differ from ordinary tramways in the important fact that the procedure by which they have been authorised is simpler and cheaper than the methods by which special private Acts of Parliament have to be obtained for tramway projects.

For the purpose of facilitating the construction and working of light railways in Great Britain, there was established by the Act of 1896 a Commission, consisting of three commissioners, styled the Light Railway Commissioners, appointed by the Board of Trade. Two of the commissioners are now paid, and the unpaid chairman is also a Railway and Canal Commissioner. To these Commissioners applications for orders are made in accordance with certain rules. An application for an order authorising a light railway may be made (a) by the council of any county, borough, or district, through any part of which the proposed railway is to pass, or (b) by any individual, corporation, or company, or (c) jointly by any such councils, individuals, corporations, or companies. Before a council can apply it must pass a special resolution authorising such application.

Economy in capital outlay and cheapness in construction is, indeed, the characteristic generally associated with light railways by the public, and impliedly attached to them by Parliament in the Act of 1896, and any simplifications of the engineering or mechanical features they may exhibit compared with the standard railways of the country are mainly due to the desire to keep down their expenses.

Before an application for an order is lodged with the Commissioners, the promoters must publish an advertisement once at least in each of two consecutive weeks in April or October, in some newspaper circulating in the area or some part of the area through which the light railway is to pass. The advertisement must describe shortly the land proposed to be taken, and the purpose for which it is proposed to be taken, naming a place where a plan of the proposed works and the lands to be taken, and a book of reference to the plan, may be seen at all reasonable hours, and stating the quantity of land required. The advertisement must also state the proposed gauge and motive power of the railway, and the name of the person, company, or council responsible for the publication of the notice, and where the draft order can be obtained at a price not exceeding 1s. per copy; and the notice must also state that any objection to the scheme should be made in writing to the secretary of the Light Railway Commission.

Every application to the Commissioners for an Order must be made in the month of May or of November, being the month in which the notice is advertised, and must be in the case of a corporate body under the seal of such body.

The council of any county, borough, or district, may, if authorised by an order under this Act, (a) undertake themselves to construct and work, or to contract for the construction or working of, the light railway authorised; (b) advance to a light railway company, either by way of loan or as part of the

share capital of the company, or partly in one way and partly in the other, any amount authorised by the order; (c) join any other council or any person or body of persons in doing any of the things above-mentioned; and (d) do any such other act incidental to any of the things above-mentioned as may be authorised by the order.

▲ Application and other non-capital expenses of a borough council are met out of the borough fund, and of other district and county councils as general expenses, or, in the last case, may be charged on particular parts of the county. Capital expenses are met by borrowing. Where a council makes a loan to a light railway company, the Treasury can also make one, but it must not exceed the amount for the time advanced by the council, nor one-quarter of the railway estimates. Such Treasury loan is also conditional on one-half at least of the railway estimates being provided by share capital, and one-half at least of that share capital being subscribed and paid up by persons other than local authorities. These Treasury loans carry a minimum interest of 3½ per cent. per annum. The Treasury may make a special advance in aid of a light railway which is certified by the Board of Agriculture to be beneficial to agriculture in any cultivated district, or by the Board of Trade to furnish a means of communication between a fishing harbour and a market in a district where it would not be constructed without special assistance from the State.

As a general classification, the Commissioners have divided the schemes that have come before them into three classes: (a) Those which like ordinary railways take their own line across country, (b) those in connection with which it is proposed to use the public roads conjointly with the ordinary road traffic, and (c) neutral, which includes inclined railways worked with a rope, and lines which possess the conditions of (a) and (b) in about equal proportions.

The Act of 1896 provides for the preservation of common land and village greens, and with respect to injuring scenery. The Order made by the Commissioners is provisional only, and is of no effect until confirmed by the Board of Trade. When confirmed, the Order has effect "as if enacted by Parliament," and is conclusive evidence that all the requirements of the Act in respect of proceedings required to be taken before the making of the Order have been complied with.

#### LIGHT, RIGHT TO.—(See ANCIENT LIGHTS.)

**LIGHTS ON SHIPS.**—The lights required to be shown by ships at night are specified in "The Regulations for Preventing Collisions at Sea," made by Order in Council on November 27th, 1896, by virtue of the powers contained in the Merchant Shipping Act, 1894. The word "visible" in these rules, when applied to lights, means visible on a dark night with a clear atmosphere.

**Rules to be Complied With.** *Article 1.* The rules concerning lights must be complied with in all weathers from sunset to sunrise, and during such time, no other lights, which may be mistaken for the prescribed lights, are to be exhibited. Vessels may have deck lights, etc., so long as they are not mistaken for navigation lights. A master must not allow a light to be exhibited which infringes the regulations, although the order for its exhibition may have been given by a pilot employed by compulsion of law. It is no excuse for non-compliance with the above Article that the night was clear and moonlight, or that it was only a short time after

sunset, and fine and clear, or that the lights were being trimmed. It is negligence on the part of a steamer to go at full speed before the wind if in consequence thereof her smoke is so blown as to obscure her lights, and to prevent her from seeing and from being seen by other ships.

#### "Lights for Steam Vessels Under Way." *Article 2.*

A steam vessel under way must carry (a) On or in front of the foremast, or, if a vessel without a foremast, then in the fore part of the vessel, at a height above the hull of not less than 20 ft., and, if the breadth of the ship exceeds 20 ft., then at a height above the hull not less than such breadth, so, however, that the light need not be carried at a greater height above the hull than 40 ft., a bright white light, so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass, so fixed as to throw the light 10 points on each side of the ship, viz., from right ahead to 2 points abaft the beam on either side, and of such a character as to be visible on a dark night, with a clear atmosphere, at a distance of at least 5 miles, (b) on the starboard side a green light, so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass, so fixed as to throw the light from right ahead to 2 points abaft the beam on the starboard side, and of such a character as to be visible on a dark night, with a clear atmosphere, at a distance of at least 2 miles, (c) on the port side a red light, so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass, so fixed as to throw the light from right ahead to 2 points abaft the beam on the port side, and of such a character as to be visible on a dark night, with a clear atmosphere, at a distance of at least 2 miles, (d) the said green and red side lights must be fitted with inboard screens projecting at least 3 ft. forward from the light, so as to prevent these lights from being seen across the bows, (e) a steam vessel when under way may carry an additional white light similar in construction to the light mentioned in Sub-division (a). These two lights shall be so placed in line with the keel that one shall be at least 15 ft. higher than the other, and in such a position with reference to each other that the lower light shall be forward of the upper one. The vertical distance between these lights shall be less than the horizontal distance. A vessel under way within the meaning of this Article which has her anchor down, but is not being holden by it.

#### "Steam Vessel Towing another Vessel." *Article 3.*

A steam vessel when towing another vessel shall, in addition to her side lights, carry two bright white lights in a vertical line one over the other, not less than 6 ft. apart, and when towing more than one vessel shall carry an additional bright light 6 ft. above or below such lights, if the length of the tow, measuring from the stern of the towing vessel to the stern of the last vessel towed, exceeds 600 ft. Each of these lights shall be of the same construction and character, and shall be carried in the same position as the white light mentioned in Article 2 (a), except the additional light, which may be carried at a height of not less than 14 ft. above the hull. Such steam vessel may carry a small white light abaft the funnel or aftermast for the vessel towed to steer by, but such light shall not be visible forward of the beam. The object of two lights at the masthead is not only to distinguish a towing steamship from other steamships, but to warn other vessels that the towing steamer is encumbered.

**"Vessel Not Under Command." Article 4.** (a) A vessel which from any accident is not under command shall carry at the same height as the white light mentioned in Article 2 (a), where they can best be seen, and, if a steam vessel, in lieu of that light, two red lights, in a vertical line one over the other, not less than 6 ft. apart, and of such a character as to be visible all round the horizon at a distance of at least 2 miles; and shall by day carry in a vertical line one over the other, not less than 6 ft. apart, where they can best be seen, two black balls or shapes, each 2 ft. in diameter. (b) A vessel employed in laying or in picking up a telegraph cable shall carry in the same position as the white light mentioned in Article 2 (a), and, if a steam vessel, in lieu of that light, three lights in a vertical line one over the other, not less than 6 ft. apart. The highest and lowest of these lights shall be red, and the middle light shall be white, and they shall be of such a character as to be visible all round the horizon at a distance of at least 2 miles. By day she shall carry in a vertical line one over the other, not less than 6 ft. apart, where they can best be seen, three shapes not less than 2 ft. in diameter, of which the highest and lowest shall be globular in shape and red in colour, and the middle one diamond in shape and white. (c) The vessel referred to in this Article, when not making way through the water, shall not carry the side lights, but when making way shall carry them. (d) The lights and shapes required to be shown by this Article are to be taken by other vessels as signals that the vessel showing them is not under command and cannot, therefore, get out of the way. These signals are not signals of vessels in distress and requiring assistance.

**"Sailing Ship Under Way." Article 5.** A sailing ship under way, and any vessel being towed, shall carry the same lights as are provided by Article 2 for a steamship under way, with the exception of the white lights mentioned therein, which they shall never carry. Hence a steamship which is being towed must not carry a masthead light. A sailing ship is under way as soon as she ceases to be held by her anchors.

**"Small Vessels Under Way." Article 6.** Whenever, as in the case of small vessels under way during bad weather, the green and red side lights cannot be fixed, these lights shall be kept at hand, lighted and ready for use, and shall, on the approach of or to other vessels, be exhibited on their respective sides in sufficient time to prevent collision, in such manner as to make them most visible, and so that the green light shall not be seen on the port side nor the red light on the starboard side, nor, if practicable, more than 2 points abaft the beam on their respective sides. To make the use of these portable lights more certain and easy, the lanterns containing them shall each be painted outside with the colour of the light they respectively contain, and shall be provided with proper screens.

**"Steam Vessels Under 40 Tons." Article 7.** Steam vessels of less than 40, and vessels under oars or sails of less than 20 tons gross tonnage respectively, and rowing boats, when under way, shall not be obliged to carry the lights mentioned in Article 2 (a), (b), and (c), but if they do not carry them they shall be provided with the following lights:—

"1. *Steam Vessels of less than 40 tons shall carry* (a) In the fore part of the vessel, or on, or in front of the funnel, where it can best be seen, and at a height above the gunwale of not less than 9 ft., a bright white light constructed and fixed as prescribed in

Article 2 (a), and of such a character as to be visible at a distance of at least 2 miles; (b) green and red side lights constructed and fixed as prescribed in Article 2 (b) and (c), and of such a character as to be visible at a distance of at least one mile, or a combined lantern showing a green light and a red light from right ahead to 2 points abaft the beam on their respective sides. Such lantern shall be carried not less than 3 ft. below the white light.

"2. *Small Steamboats*, such as are carried by seagoing vessels, may carry the white light at a less height than 9 ft. above the gunwale, but it shall be carried above the combined lantern, mentioned in Sub-division 1 (b).

"3. *Vessels under Oars or Sails*, of less than 20 tons, shall have ready at hand a lantern with a green glass on one side and a red glass on the other, which, on the approach of or to other vessels, shall be exhibited in sufficient time to prevent collision, so that the green light shall not be seen on the port side nor the red light on the starboard side.

"4. *Rowing Boats*, whether under oars or sail, shall have ready at hand a lantern showing a white light, which shall be temporarily exhibited in sufficient time to prevent collision. The vessels referred to in this Article shall not be obliged to carry the lights prescribed by Article 4 (a) and Article 11 (last paragraph).

**"Pilot Vessels." Article 8.** Pilot vessels, when engaged on their station on pilotage duty, shall not show the lights required for other vessels, but shall carry a white light at the masthead, visible all round the horizon, and shall also exhibit a flare-up light or flare-up lights at short intervals, which shall never exceed 15 minutes. On the near approach of, or to other vessels, they shall have their side lights lighted, ready for use, and shall flash or show them at short intervals, to indicate the direction in which they are heading, but the green light shall not be shown on the port side, nor the red light on the starboard side. A pilot vessel of such a class as to be obliged to go alongside of a vessel to put a pilot on board, may show the white light instead of carrying it at the masthead, and may, instead of the coloured lights above-mentioned, have at hand, ready for use, a lantern with a green glass on the one side and a red glass on the other, to be used as prescribed above. Pilot vessels, when not engaged on their station on pilotage duty, shall carry lights similar to those of other vessels of their tonnage. A steam pilot vessel exclusively employed for the service of pilots licensed or certified by any pilotage authority or the committee of any pilotage district in the United Kingdom, when engaged on her station on pilotage duty and in British waters and not at anchor, shall, in addition to the lights required for all pilot boats, carry at a distance of 8 ft. below her white masthead light a red light visible all round the horizon, and of such a character as to be visible on a dark night, with a clear atmosphere, at a distance of at least 2 miles, and also the coloured side lights required to be carried by vessels when under way. When engaged on her station on pilotage duty, and in British waters, and at anchor, she shall carry, in addition to the lights required for all pilot boats, the red light above-mentioned, but not the coloured side lights. When not engaged on her station on pilotage duty, she shall carry the same lights as other steam vessels.

**"Fishing Vessels." Article 9.** Fishing vessels and fishing boats, when under way, and when not

required by this Article to carry or show the lights hereinafter specified, shall carry or show the lights prescribed for vessels of their tonnage under way—

"(a) *Open Boats*, by which is to be understood boats not protected from the entry of sea water by means of a continuous deck, when engaged in any fishing at night with outlying tackle extending not more than 150 ft. horizontally from the boat into the seaway, shall carry one all-round white light. Open boats, when fishing at night, with outlying tackle extending more than 150 ft. horizontally from the boat into the seaway, shall carry one all-round white light; and, in addition, on approaching or being approached by other vessels, shall show a second white light at least 3 ft. below the first light, and at a horizontal distance of at least 5 ft. away from it in the direction in which the outlying tackle is attached.

"(b) *Vessels and Boats, except Open Boats*, as defined in Sub-division (a), when fishing with drift nets, shall, so long as the nets are wholly or partly in the water, carry two white lights where they can best be seen. Such lights shall be placed so that the vertical distance between them shall not be less than 6 ft. and not more than 15 ft., and so that the horizontal distance between them, measured in a line with the keel, shall be not less than 5 ft. and not more than 10 ft. The lower of these two lights shall be in the direction of the nets, and both of them shall be of such a character as to show all round the horizon and to be visible at a distance of not less than 3 miles. Within the Mediterranean Sea and in the seas bordering the coasts of Japan and Korea, sailing fishing vessels of less than 20 tons gross tonnage shall not be obliged to carry the lower of these two lights; should they, however, not carry it, they shall show in the same position (in the direction of the net or gear) a white light, visible at a distance of not less than 1 sea mile, on the approach of, or to, other vessels.

"(c) *Vessels and Boats, except Open Boat*, as defined in Sub-division (a), when hove fishing with their lines out and attached to or hauling their lines, and when not at anchor, or stationary within the meaning of Sub-division (h), shall carry the same lights as vessels fishing with drift nets. When shooting lines, or fishing with towing lines, they shall carry the lights prescribed for a steam or sailing vessel under way respectively. Within the Mediterranean Sea and in the seas bordering the coasts of Japan and Korea, sailing fishing vessels of less than 20 tons gross tonnage shall not be obliged to carry the lower of these two lights; should they, however, not carry it, they shall show in the same position (in the direction of the lines) a white light, visible at a distance of not less than 1 sea mile on the approach of, or to other vessels.

"(d) *Vessels when Engaged in Trawling*, by which is meant the dragging of an apparatus along the bottom of the sea.

"1. *Steam vessels*, shall carry in the same position as the white light mentioned in Article 2 (a), a tri-coloured lantern so constructed and fixed as to show a white light from right ahead to two points on each bow, and a green light and a red light over an arc of the horizon from two points on each bow to two points abaft the beam on the starboard and port sides respectively, and not less than 6 ft. nor more than 12 ft. below the tri-coloured lantern a white light in a lantern, so constructed as to show a clear, uniform, and unbroken light all round the horizon.

"2. *If sailing vessels*, shall carry a white light in a lantern, so constructed as to show a clear, uniform, and unbroken light all round the horizon, and shall also, on the approach of, or to other vessels, show where it can best be seen, a white flare-up light or torch in sufficient time to prevent collision. All lights mentioned in Sub-division (d) shall be visible at a distance of at least 2 miles.

"(e) *Oyster Dredgers* and other vessels fishing with dredge nets shall carry the same lights as trawlers.

"(f) *Fishing Vessels and Fishing Boats* may at any time use a flare-up light, in addition to the lights which they are by this Article required to carry and show, and they may also use working lights.

"(g) *Every Fishing Vessel and every Fishing Boat* under 150 ft. in length, when at anchor, shall exhibit a white light visible all round the horizon at a distance of at least 1 mile. Every fishing vessel of 150 ft. in length or upwards, when at anchor, shall exhibit a white light visible all round the horizon at a distance of at least 1 mile, and shall exhibit a second light as provided for vessels of such length by Article 11. Should any such vessel, whether under 150 ft. in length, or of 150 ft. in length or upwards, be attached to a net or other fishing gear, she shall on the approach of other vessels show an additional white light at least 3 ft. below the anchor light, and at a horizontal distance of at least 5 ft. away from it in the direction of the net or gear.

"(h) *If a Vessel or Boat, when fishing, becomes stationary* in consequence of her gear getting fast to a rock or other obstruction, she shall in day-time haul down the day-signal required by Sub-division (k); at night show the light or lights prescribed for a vessel at anchor; and during fog, mist, falling snow, or heavy rainstorms make the signal for a vessel at anchor. (See Sub-division (d) and the last paragraph of Article 15).

"(i) *In Fog, Mist, Falling Snow, or Heavy Rainstorms*, drift net vessels attached to their nets, and vessels when trawling, dredging, or fishing with any kind of drag net, and vessels hove fishing with their lines out, shall, if of 20 tons gross tonnage or upwards respectively, at intervals of not more than 1 minute, make a blast; if steam vessels, with the whistle or siren; and if sailing vessels, with the fog-horn; each blast to be followed by ringing the bell. Fishing vessels and boats of less than 20 tons gross tonnage shall not be obliged to give the above-mentioned signals; but if they do not, they shall make some other efficient sound signal at intervals of not more than one minute.

"(k) *All Vessels or Boats Fishing with Nets or Lines, or Hauls, when under way*, shall, in day-time, indicate their occupation to an approaching vessel by displaying a basket or other efficient signal where it can best be seen. If vessels or boats at anchor have their gear out, they shall, on the approach of other vessels, show the same signal on the side on which those vessels can pass.

"**Other Lights.** Article 10. A vessel which is being overtaken by another shall show from her stern to such last mentioned vessel a white light or a flare-up light. The white light required to be shown by this Article may be fixed and carried in a lantern, but in such case the lantern shall be so constructed, fitted, and screened that it shall throw an unbroken light over an arc of the horizon of 12 points of the compass, viz. for 6 points from



right aft on each side of the vessel, so as to be visible at a distance of at least 1 mile. Such light shall be carried as nearly as practicable on the same level as the side lights.

**"Vessel at Anchor.** *Article 11.* A vessel under 150 ft. in length, when at anchor, shall carry forward, where it can best be seen, but at a height not exceeding 20 ft. above the hull, a white light in a lantern, so constructed as to show a clear, uniform, and unbroken light visible all round the horizon, at a distance of at least 1 mile. A vessel of 150 ft. or upwards in length, when at anchor, shall carry in the forward part of the vessel, at a height of not less than 20, and not exceeding 40, ft. above the hull, one such light, and at or near the stern of the vessel, and at such a height that it shall be not less than 15 ft. lower than the forward light, another such light. The length of a vessel shall be deemed to be the length appearing in her certificate of registry. A vessel aground in or near a fairway shall carry the above light or lights and the two red lights prescribed by Article 4 (a).

**"Attracting Attention.** *Article 12.* Every vessel may, if necessary in order to attract attention, in addition to the lights which she is by these rules required to carry, show a flare-up light or use any detonating signal that cannot be mistaken for a distress signal.

**"Ships of War.** *Article 13.* Nothing in these rules shall interfere with the operation of any special rules made by the Government of any nation with respect to additional station and signal lights for two or more ships of war, or for vessels sailing under convoy, or with the exhibition of recognition signals adopted by shipowners, which have been authorised by their respective Governments and duly registered and published.

**"Steam Vessel under Sail.** *Article 14.* A steam vessel proceeding under sail only, but having her funnel up, shall carry, in day time, forward, where it can best be seen, one black ball or shape 2 ft. in diameter."

**LIGN ALOES.**—(See ALOES WOOD)

**LIGNITE.**—Also known as brown coal. It is a mineral substance of vegetable origin, occupying an intermediate position between peat and coal, and showing traces of its origin in its woody texture. There are large deposits of lignite in Germany, where it is used as a fuel in spite of its unpleasant odour and the smoke it produces. Paraffin oil is distilled from this substance, chiefly from shale.

**"LIGNUM VITAE.**—The wood of the *Guaiacum officinale*, found in the West Indies. It is remarkable for its hardness, durability, and for the direction of its fibres, and is much used in the manufacture of ships' blocks, pestles, pulleys, bowls, rollers, etc. In colour it is greenish. The same tree produces the resinous product known as guaiacum (qv).

**LIMA WOOD.**—Also known as Pernambuco wood, Nicaragua wood, and Brazil wood (qv). It is a dye wood obtained from the *Casalpinia echinata*, and used in the production of various tints of red, orange, and peach colour.

**LIME.**—A fruit resembling a lemon in its appearance and properties, but usually of smaller size. It is common in South Europe and in the East and West Indies, particularly in Jamaica, which exports large quantities of lime juice. The usual acid fruit is obtained from the *Citrus medica*, while the sweet variety is the fruit of the *Citrus limetta*.

**LIME.**—The white earth obtained by heating carbonate of lime or limestone in a furnace or kiln.

The carbonic acid is burned out, and the residue is the oxide of calcium, or lime, known commercially as quicklime. This substance, being very infusible, is used for special crucibles. It is the chief source of hmelight, and is also applied to the mantles of incandescent gas lamps. Slaked lime is obtained by adding water to quicklime. It is largely employed in the manufacture of mortar and as a manure. It is also the basis of lime water, which is used in medicine both internally and externally. Milk of lime is another product of slaked lime. Lime and its compounds are employed in a variety of ways, e.g., in the preparation of hides for tanning, in the manufacture of stearic acid for candles, in the smelting of certain metals, and in the purification of coal gas. The chemical symbol is CaO.

**LIME or LINDEN TREE.**—The *Tilia Europæa*, which abounds in Germany and Russia. The inner bark is known as bast (qv), and is used for the manufacture of peasants' shoes in Russia, as well as for mats, ropes, etc. Sugar may be evaporated from the sap of the tree, and the white, soft, close-grained wood is valued by the carver and turner. The charcoal obtained from it is preferred for the manufacture of gunpowder.

**LIMESTONE.**—A soft, yellowish white rock of wide distribution, composed mainly of carbonate of lime, but containing, in addition, various mineral or organic impurities. Bath stone (qv) and Portland stone are two varieties largely employed for building purposes, though easily affected by the atmosphere. Crystalline limestones include marble (qv), as well as stalagmite, stalactite, etc., while coral limestone is an example of an organic variety. Limestone is the chief source of lime (qv).

**LIMIT.**—(1) The fixed price named by a client to his broker at which he will purchase or sell securities or other merchantable commodities.

(2) The extreme amount of an overdraft which a banker will allow to a customer.

**LIMITATION OF SHIPOWNERS' LIABILITY.**—Sections 502-509 of the Merchant Shipping Act, 1894, limit the liability of shipowners in certain cases. The owner of a British sea-going ship is not liable for any loss or damage happening without his actual fault or privity to any goods on board his ship by reason of fire, or for the theft of any gold, silver, diamonds, watches, jewels, or precious stones put on board his ship, unless their true nature and value have been declared in writing at the time of shipment. The same exemption as to fire is allowed to the owners, builders, or other parties interested in any ship built at any port or place in His Majesty's dominions from the time of her launch until registration (61 and 62 Vict. c. 14, Sec. 1). The benefit conferred on ships before registration does not extend beyond a period of three months from the launching of the ship. These exemptions will not apply to goods which are intended for the ship, but have not been put on board, as in the case of goods destroyed by fire on board a lighter by which they were being conveyed to the ship. In the case of valuables, the shipowner is protected not only from thefts by his own servants, but also from thefts by passengers.

The owners of a ship, British or foreign, and the owners, builders, or other parties interested in any ship built at any port or place in His Majesty's dominions, from and including the launching of the ship until registration as a British ship, but in no case beyond three months after the launch, can, where the following events happen without their

fault or privity, limit their liability, viz.: (a) Where any loss of life, or personal injury, is caused to any person being carried in the ship, (b) where any damage or loss is caused to any goods, merchandise, or other things whatsoever on board the ship, (c) where any loss of life, or personal injury, is caused to any person carried in any other vessel by reason of the improper navigation of the ship, (d) where any loss or damage is caused to any other vessel, or to any goods, merchandise, or other things whatsoever on board any other vessel by reason of the improper navigation of the ship. The limit of the liability is fixed at the following amounts, viz.: (1) In respect of loss of life or personal injury, either alone or together with loss of or damage to vessels, goods, merchandise, or other things, an aggregate amount not exceeding £15 for each ton of the ship's tonnage, and (2) in respect of loss or damage to vessels, or goods, whether there is in addition loss of life, or personal injury or not, an aggregate amount not exceeding £8 for each ton of the ship's tonnage. The tonnage of a steamship is her registered tonnage with the addition of any engine-room space deducted for the purpose of ascertaining that tonnage, and the tonnage of a sailing ship is her registered tonnage. There is not to be included in such tonnage any space occupied by seamen and apprentices and appropriated to their use which is certified under the regulations. The owner of every sea-going ship is liable in respect of every such loss of life, personal injury, loss of or damage to vessels, goods, etc., arising on distinct occasions to the same extent as if no other loss, injury, or damage had arisen.

This limitation of liability was extended by Section 1 of the Merchant Shipping (Liability of Shipowners and Others) Act, 1900, to all cases where, without the owner's actual fault or privity "any loss or damage is caused to property or rights of any kind, whether on land or on water, or whether fixed or movable, by reason of the improper navigation or management of the ship." Owners of docks, canals, harbour authorities, and conservancy authorities can now limit their liability where, without their actual fault or privity, any loss or damage is caused to any vessel or goods, etc., on board such vessel. The amount of their liability is fixed at an aggregate amount not exceeding £8 for each ton of the tonnage of the largest registered British ship which at the time of the accident is, or which has, within the previous five years, been within the area over which such dock or canal owner or authority exercises any power.

The right to limitation of liability may be waived by contract. The ordinary mode of obtaining this limitation of liability is for the shipowner to pay the statutory amount into court, in an action in which he asks for a decree limiting his liability to that amount. The various claims are then ascertained, and the fund is distributed ratably. Where, in a collision, both ships have been to blame, the whole damage done to the two ships is divided equally between the owners. The half damages on each side are set against one another, and the balance is paid by him who has sustained the smaller loss, and the same course is followed, although one of the shipowners may have obtained a decree limiting his liability, except that the other, if the balance is in his favour, has only a right of proof for it on the fund.

A shipowner is not answerable for damage to goods carried by him, which has been caused by a pilot whom he was compelled by law to employ.

Under the Harter Act, 1893, of the United States of America, clauses which exempt the shipowner from liability for his own or his servant's negligence are void, as being contrary to public policy. Limitations of liability in the contract of carriage must be reasonable to be valid, and a clause of that kind is regarded as unreasonable. Thus no effect is given to them in the Federal Courts where the contract is governed by the law of the United States; nor where the performance is to be wholly or partly within the United States, even though the contract has been made abroad with reference to some other law by which the clauses are valid, and even though there is an express agreement of the parties that the contract shall be governed by that other law.

**LIMITATIONS, STATUTES OF.** This is the name applied to those statutes which fix a limit within which an action must be brought, or rather give a right of defence to any person against whom an action is brought if he chooses to avail himself of this legal benefit. A defendant who intends to rely upon any of these statutes must plead the same specially, otherwise he will not be heard upon the point at the trial of the action. The principal statutes referring to contracts and torts are those of James I, passed in 1623, and of William IV in 1833.

In the case of a simple contract, the action must be commenced within six years of the time when the cause of action arose. Thus, a tradesman cannot sue for the price of goods when six years have elapsed from the date when payment became due. The holder of a cheque must sue upon it within six years of its date. And so it is in the case of any debt which is not a contract under seal. There is, however, an extension of time allowed in certain cases.

(1) If either of the parties is an infant or insane, the six years do not begin to run until the attainment of majority or the recovery of sanity.

(2) If the defendant is beyond the seas or out of the jurisdiction when the cause of action arises, the period of limitation does not commence to run until he has returned. But if the cause of action arises and then the defendant removes himself, the exception does not apply. The right of action can only be kept alive by successive renewals of the writ of summons.

(3) If the defendant gives a distinct and unconditional acknowledgment of the debt in writing (and this is specially provided for by Lord Tenterden's Act, 1828), or pays a part of the debt, or pays interest upon the amount due, the six years only run from the date of such acknowledgment or the last payment, as the case may be.

In the case of a contract under seal, twenty years are substituted for six years, subject to the same exceptions as above.

As showing how the period of limitation is a weapon of defence simply, there is no harm in paying a debt, although statute barred, and an executor may pay the debt of a testator, although the cause of action in respect of it arose more than six years before the date of payment, unless an action has been brought upon the debt and the case against the testator dismissed.

The Act of 1874 deals exclusively with real property, and it bars the remedy in actions on mortgages, or for a legacy after twelve years. This time may be extended in the case of disabilities arising from infancy, lunacy, or absence beyond

the seas, as in the case of contracts; but the utmost limit allowed is thirty years, notwithstanding the existence of one or more disabilities during the whole period.

An English judgment is statute barred after twelve years. A foreign judgment, *i.e.*, a judgment obtained in a foreign court, is on the same footing as a simple contract debt, and must be sued upon within six years.

Trustees were first entitled to claim protection under any Statute of Limitation by the Trustee Act, 1888. But there is no right as far as they are concerned if an action is brought against them in respect of a claim—

(1) Founded upon any fraud or fraudulent breach of trust to which any of the trustees was a party or party, or

(2) To recover trust property, or the proceeds thereof, which is still retained by the trustees, or which has been previously received and converted by them to their own use.

As to other civil actions founded in tort, actions for slander must be brought within two years, for injuries to the person (including imprisonment) within four years, and for trespass to land and goods, conversion, and all other common law wrongs (including libel) within six years.

Public authorities are specially favoured. By an Act passed in 1893 they cannot be sued except within six months from the time of the arising of the cause of action.

Generally speaking, there is no limit of time placed upon the period within which proceedings may be taken against any person who is charged with a criminal offence. But by various statutes a period of limitation has been set up in certain cases as follows—

(1) Treason (except endeavouring to assassinate the Sovereign), if committed in Great Britain: three years.

(2) Training in arms and military exercises: six months.

(3) Night poaching: twelve months.

(4) Offences against the Customs Acts: three years.

(5) Various offences under the Criminal Law Amendment Act, 1885: three months.

**LIMITED.**—This is the important word which must be added at the end of the name of any joint stock company to indicate to the world that it is formed under the Companies Acts 1908 to 1917. It is essential that the word should appear upon every document issued by the company, and the name itself must be printed or affixed to the outside of every office or place where the company carries on its business, under the risk, if omitted, of heavy penalties.

In certain cases the word "limited" may be dispensed with by leave of the Board of Trade, especially where an association is formed for the promotion of art, science, religion, charity, &c., and there is no intention on the part of the promoters that any portion of the funds of the association shall be devoted to any other purposes than the advancement of the objects of the association, and that no dividends shall be paid to the members.

All these points, as well as the important use of the word "limited," are fully noted in the article MEMORANDUM OF ASSOCIATION.

**LIMITED AND REDUCED.**—When a company presents a petition to the court for leave to reduce its capital (see REDUCTION OF CAPITAL), and such

leave is granted, the words "and reduced" are almost invariably ordered to be added to the name of the company after the word "limited" for a certain period, to be fixed by the court.

**LIMITED LIABILITY.**—It is one of the greatest advantages of limited companies, so far as the shareholders are concerned, that the full extent of liability is known. If a shareholder pays up the whole of the nominal value of his shares he has nothing to fear, so far as to any further claim. Sometimes, however, only a fractional part of the nominal amount of the shares is paid up, and then the liability which is outstanding may be very serious. The first step taken by any member of the public who wishes to become a shareholder in a company is to apply for a certain number of shares. If an allotment is made, the applicant must take the shares allotted to him, and the agreement is one that will be specifically enforced if necessary. Upon the entry of his name upon the register, he becomes a member of the company from that moment liability commences, so far as the company is concerned. The extent of the liability extends to the amount which at any time remains unpaid upon his shares, and a shareholder can only escape from this liability, under certain conditions, by transferring his shares before the company is wound up. In most cases it is the practice for the whole of the nominal value of the shares to be called up within a comparatively short period, and then all anxiety as to the future is at an end. But if there is any part of the nominal amount of the shares outstanding, the holder for the time being is always liable, the transferee taking the place of the transferor on the register. Thus, if A applies for 100 £1 shares in a company, upon which he pays 5s. on application and 5s. on allotment, and no further call is made at once, he is liable up to £50 in case it becomes necessary for the company to obtain additional sums from its shareholders. The part or the whole of this sum of £50 may be demanded by means of "calls" (*q.v.*), but if A transfers his shares to B before any call is made, A ceases to be liable, in ordinary circumstances, for any part of this £50 because B has taken his place as a member of the company. The liability of A is at an end, and the company must look to B. It is, however, in the winding up of a company that the position of a shareholder who holds shares which have not been fully paid up, becomes a matter of supreme interest, that is, when the shareholder or member becomes what is known as a "contributory," and it is to the article on CONTRIBUTORIES that reference should be made.

**LIMITED LIABILITY COMPANIES.**—(See COMPANIES.)

**LIMITED PARTNERSHIPS.**—One of the principal rules of the general law of partnership (*q.v.*) is that every partner is fully liable for the debts and liabilities of the firm. By an Act passed in 1907, and known as the Limited Partnerships Act, it is possible for a sleeping partner to escape from this heavy responsibility, while still retaining a pecuniary interest in the fortunes of the firm. This is done by a rather free adaptation of the principles of company law, and by providing for the registration of the partnership as a "limited partnership." A limited partnership must not consist, in the case of a partnership carrying on the business of banking, of more than ten persons, and, in the case of any other partnership, of more than twenty persons, and must consist of one or more

persons called "general partners" who will be liable for all debts and obligations of the firm, and one or more persons to be called "limited partners," who must at the time of entering into the partnership contribute thereto a sum or sums as capital, or property valued at a stated amount, and who will not be liable for the debts or obligations of the firm beyond the amount so contributed. This amount must not be withdrawn during the continuation of the partnership, and if any part is withdrawn the limited partner will be liable for the debts and obligations of the firm up to the amount so withdrawn. A body corporate may be a limited partner. Subject to the above important restriction, the general law of partnership (*q.v.*) will apply to limited partnerships, but with the following modifications:—

(1) A limited partner cannot take part in the management of the partnership business, nor bind the firm by his acts. If he does, he becomes a general partner and fully liable. He may, however, inspect the business books, and confer with and advise the partners on the state and prospects of the business.

(2) The partnership will not be dissolved by the death or bankruptcy of a limited partner, and his liability will only be a ground for dissolution when his share cannot be otherwise ascertained and realised.

(3) Applications to wind up a limited partnership will be made in much the same way as to wind up a company (*q.v.*), and the rules of court regulating such last-mentioned winding up will apply as far as may be. Special Limited Partnership (Winding-up) Rules were made in 1909.

(4) In the event of a dissolution, the general partners will wind up the affairs of the partnership, unless the court otherwise orders.

(5) Subject to any agreement expressed or implied between the partners, any difference arising as to ordinary matters may be decided by a majority of the general partners; a limited partner may be allowed to assign his share; his consent will not be required to the introduction of a new partner; he may allow his share to be charged for his separate debts; and he will not be entitled to dissolve the partnership by notice.

A limited partnership must be registered with the registrar of joint stock companies, by delivering to that official a statement, signed by the partners, containing full particulars of the business, etc. Any change in the partnership must be registered in a like manner. The registered statements are filed and indexed, and are open to public inspection on payment of a small fee. (See also PARTNERSHIP.)

**LINE.**—This term is used as a kind of collective name for a fleet of steamers trading between certain ports.

**LINEN.**—A fabric manufactured from the fibres of the flax plant (*q.v.*), which grows largely in Russia, S. Italy, Belgium, Holland, Italy, North France, and in various parts of Asia and America. Belfast in Ireland, Dundee and Arbroath in Scotland, and Leeds and Barnsley in England are the chief centres of the linen manufacture in the United Kingdom. Lawn, cambric and other fine linen textures are produced chiefly in Ireland, while the Scotch towns are engaged in turning out heavier fabrics, such as shirtings and canvas, and England manufactures diapers and damasks of medium weight. France, Belgium, and Germany have also important linen manufactures. The exports from

the United Kingdom are very large, but the increasing popularity of jute has already affected the output of the coarser linen goods. Cotton is also a competitor, and many so-called linen fabrics of the finer sort, *e.g.*, handkerchiefs, are mixtures of linen and cotton.

**LING.** An important product of the British fisheries. It is a fish of the cod family, and its flesh, either fresh or salted, is much used for food. The liver yields an oil somewhat resembling cod liver oil, and used in the Shetlands for illuminating purposes. This fish is also found off the coast of Newfoundland.

**LINOLEUM.** A strong floor cloth made principally at Kinkaidy, in Fifehire, by incorporating ground cork with mahuabber, rolling the mass into sheets, and spreading it on a strong canvas foundation. Oxidised linseed oil usually forms the binding material in the composition of linoleum, and in the cheaper varieties it is used with sawdust, peat, chalk, pitch, and other substances which replace the cork and mahoutchou. Linoleum is in every way superior to oilcloth, being stouter, more durable, and warmer to the feet. It is easily stained for receiving surface patterns, but the inland linoleum, consisting of pieces of different colours, is, of course, far preferable, as the pattern cannot wear off.

**LINSEED.** The valuable seed of the flax plant, *Linum usitatissimum*. Its uses are many and varied. Linseed tea is an infusion employed medicinally for its soothing properties in cases of colds and bronchial affections. Linseed oil is extracted by crushing the seeds, and subjecting them to enormous pressure. By this method the best colourless and tasteless oil is obtained, while the amber-coloured variety with the unpleasant taste is extracted by heating. The oil is much used in the preparation of varnishes, oil paints, oilcloths, printing ink, etc. It is frequently boiled before use, as its natural drying properties are enhanced by this process. The cake left after the oil has been extracted is useful as a cattle food, and for poultry, though the linseed meal required in the latter case should consist of the ground flax seed itself. A liniment consisting of linseed oil and lime-water is known as "carroll" oil, having been first applied as a remedy for burns at the Carroll ironworks in Stirlingshire.

**LINT.**—The soft, woolly material used in surgery for applying ointments, lotions, etc., and for soaking up discharges. It is a linen fabric, with one side specially soft and fluffy. Lint was formerly made by scraping down old linen cloth, but it is now prepared by machinery.

**LIQUEURS.**—Alcoholic beverages prepared from strong spirit, and afterwards sweetened and flavoured. Among the best known are Chartreuse, Benedictine, amette, curacao, kirschwasser kummel, maras liqueur, noyau, crème de menthe or peppermint, and cherry brandy, all of which are dealt with under their respective headings.

**LIQUIDAMBAR.**—A genus of odoniferous trees valuable for the resin they exude. The *Liquidambar orientale* of Asia Minor yields a soft, viscid, dark brown resin, known as liquid storax, which is used medicinally in cases of chronic bronchitis, and is also employed for scenting tobacco, and for preserving woollen articles from the attacks of moths. It is exported only from Smyrna. The commonest species is the *Liquidambar styraciflua*, which is a native of the United States and Mexico. This species is also called the sweet gum.

**LIQUID ASSETS.**—(See ASSETS.)

**LIQUIDATED DAMAGES.**—As to these, see article on **DAMAGES**. In addition to what is there stated, attention may be drawn to the special procedure provided for the recovery by action of damages of this nature. As a general rule, the amount of damages to be awarded to a plaintiff must be assessed by some tribunal, usually by a judge or jury; and, consequently, the action must go for trial, even though the defendant has no real defence, and even though he does not appear to answer the plaintiff's claim. But in order to avoid unnecessary expense and delay, a short method of procuring judgment is provided for when the damages claimed are liquidated, that is, a definite sum which has been fixed upon and agreed by the parties as the amount to be paid by the one who makes default in carrying out the contract, or a sum expressly made recoverable as liquidated damages by statute.

Order 3, Rule 6, of the Rules of the Supreme Court, 1883, provides that in all actions in the High Court of Justice where the plaintiff seeks only to recover a debt or liquidated demand in money payable by the defendant, with or without interest, arising (a) upon a contract, express or implied (as, for instance, on a bill of exchange, promissory note or cheque, or other simple contract debt), or (b) on a bond or contract under seal for payment of a liquidated amount of money; or (c) on a statute where the sum sought to be recovered is a fixed sum of money or in the nature of a debt other than a penalty, or (d) on a guarantee whether under seal or not, where the claim against the principal is in respect of a debt or liquidated demand only; or (e) on a trust; or (f) in actions for the recovery of land, with or without a claim for rent or mesne profits, by a landlord against a tenant whose term has expired or has been duly determined by notice to quit, or has become liable to forfeiture for non-payment of rent, or against persons claiming under such tenant; the writ of summons may, at the option of the plaintiff, be specially indorsed with a statement of his claim, or of the remedy or relief to which he claims to be entitled. If, on being served with the writ, the defendant does not appear within due time, the plaintiff may at once enter final judgment for the amount of his liquidated demand (Order 13, Rule 3). If the defendant does appear, the plaintiff may require him at once to satisfy the court that he has a good defence, and, if the defendant fails to do this, the plaintiff may obtain leave to enter final judgment against the defendant for the amount indorsed on his writ (Order 14). If the plaintiff claims in a county court payment of a debt or liquidated money demand, he may issue a default summons; and, unless the defendant gives notice of his intention to defend, may obtain judgment thereon without the necessity of the case going to trial.

**LIQUIDATION.**—A course of settlement or the closing up of all business transactions, or the winding-up of any company or business. When a joint stock company is being thus wound up it is said to be in liquidation. (See **WINDING UP**.)

**LIQUIDATION ACCOUNTS.**—The accounts of liquidators, unless the transactions involve the carrying on of the business of the company which is in liquidation, are not of a very complicated character. The legal provisions respecting the accounts, however, are of some importance, and require very careful consideration by all who are called upon to perform these important duties. It must be remembered that a liquidator of a

company in voluntary liquidation is practically the sole trustee of the whole property and effects of the company in process of dissolution. He acts as the sole arbiter between the rights of the various contributories (*qv*) of different classes and of the creditors, so that, although the accounts involved, except when trading, merely amount to recording the various sums received and paid out in proper chronological order, it is necessary that the greatest pains should be taken to see that these functions are performed with the utmost precision.

Liquidations are carried on under three different classes—

1. Voluntary liquidations.

2. Liquidations under supervision of the court.

3. Liquidations by the court, *i.e.*, compulsory liquidations.

As regards the first, the Companies (Consolidation) Act, 1908, Sections 194 (2) and 195 (1), require the liquidator at the end of each year to compile and lay before the contributories and creditors, at a meeting to be properly convened, an account of his acts and dealings, and of the general conduct of the winding-up proceedings during the year; but in any case, as soon as the affairs of the company have been completely disposed of, he is required to make a final account of his receipts and expenditure, rendered in appropriate order, which account shall be laid before the general meeting to be convened in the manner provided.

**Voluntary Liquidation Accounts.** The accounts of a liquidator in a voluntary winding-up are not required to be kept in any stated form. He is, therefore, left to determine for himself the best means at his disposal for recording the receipts and payments in connection with his stewardship. Where the winding-up is of a simple, straightforward character, which involves the completion of the proceedings at the earliest possible date, the accounting system is of the simplest description; merely demanding the existence of a cash book in which to record, in chronological order, the amounts received on the one hand and those disbursed on the other. As, however, he will have made many payments and received several sums under the same headings, it will be necessary to have, in addition, a small ledger, wherein the receipts and expenditure may be summarised in a suitable way to facilitate the preparation of his return to the contributories and creditors, or such others as may be concerned, *e.g.*, debenture holders. If, however, the liquidation involves the indefinite carrying on of the business on its original footing, the ordinary books of account must be maintained, or modified in such a way as he may deem expedient for the better exposition of the economic condition of the business during such time as trading under his liquidatorship continues, regard must be had to the fact of the probability of inefficient book-keeping, which may have contributed materially to the company's impoverished circumstances.

**Liquidation under Supervision.** In liquidations under the supervision of the Court, liquidators are required by Section 155 of the same Act to compile an account of receipts and expenditure upon a prescribed form, not less than twice in each year during such time ever which the liquidation is extended. This account is to be duplicated, and is to be verified by statutory declaration in manner prescribed on the official form. The account is audited by the Board of Trade, and the liquidator has to furnish to the officials all information, books, and

[SPECIMEN OF LIQUIDATOR'S ACCOUNT]

IN THE HIGH COURT OF JUSTICE

In the Matter of THE COMPANIES ACTS, 1908 to 1917,  
AND  
In the Matter of THE SPITSBERGEN COLD STORAGE COMPANY LIMITED.

SUMMARY OF LIQUIDATOR'S ACCOUNTS,  
From 7th February, 19 , to 7th August, 19 ..

Issued by the Board of Trade under the provisions of Sec. 155 of the Companies (Consolidation) Act, 1908.

DR

CR

| RECEIPTS                          |         |    |    | PAYMENTS                               |         |    |    |
|-----------------------------------|---------|----|----|--|---------|----|----|
|                                   | £       | s. | d. |  | £       | s. | d. |
| To Balance .. .. .                |         |    |    | By Balance .. .. .                     |         |    |    |
| „ Receipts, viz:—                 |         |    |    | „ Board of Trade and Court Fees        | 82      | 10 | 0  |
| (a) Cash at Bankers .. ..         | 50      | 16 | 1  | „ Law Costs of Petition, includ-       |         |    |    |
| (b) „ „ in hand .. ..             | 19      | 3  | 4  | ing costs of any person appear-        |         |    |    |
| (c) Stock in Trade .. ..          | 958     | 1  | 10 | ing in the petition whose costs        |         |    |    |
| (d) Machinery, etc. .. ..         | 1,115   | 6  | 9  | are allowed .. ..                      | 39      | 10 | 5  |
| (e) Trade Fixtures, etc. ..       | 78      | 10 | 1  | „ Costs of Solicitor to Liquidator     | 5       | 19 | 0  |
| (f) Investments in Shares, etc.   | 100     | 0  | 0  | „ Other Law Costs .. ..                |         |    |    |
| (g) Loans on Mortgage .. ..       |         |    |    | „ Special Manager's charges ..         |         |    |    |
| (h) Other property, viz:—         |         |    |    | „ Allowance for preparing State-       |         |    |    |
|                                   |         |    |    | ment of Affairs .. ..                  |         |    |    |
|                                   |         |    |    | „ Fees of Official Receiver as Pro-    |         |    |    |
|                                   |         |    |    | visional Liquidator .. ..              |         |    |    |
|                                   |         |    |    | „ Charges of Provisional Liqui-        |         |    |    |
|                                   |         |    |    | dator, other than Official Re-         |         |    |    |
|                                   |         |    |    | ceiver .. ..                           |         |    |    |
| „ Book Debts—good .. ..           | 1,508   | 9  | 0  | „ Remuneration of Liquidator ..        | 78      | 15 | 0  |
| „ „ „—doubtful and bad ..         | 11      | 12 | 3  | „ Auctioneer's and Valuer's            |         |    |    |
| „ Bills of Exchange .. ..         | 69      | 10 | 0  | charges .. ..                          | 25      | 6  | 0  |
| „ Surplus from Securities ..      |         |    |    | „ Shorthand Writer's charges ..        | 10      | 6  |    |
| „ Receipts per Trading Accounts   |         |    |    | „ Other charges .. ..                  |         |    |    |
| „ Calls due at date of Winding-up |         |    |    | „ Costs of Possession .. ..            |         |    |    |
| order .. ..                       | 5       | 0  | 0  | „ Do. of Notices in <i>Gazette</i> and |         |    |    |
| „ Calls made by Liquidator ..     |         |    |    | local papers .. ..                     | 1       | 8  | 6  |
|                                   | 3,916   | 9  | 4  | „ Incidental outlay .. ..              | 9       | 13 | 8  |
|                                   |         |    |    | Total costs and charges .. ..          | 244     | 13 | 1  |
|                                   |         |    |    |  |         |    |    |
| Less—                             |         |    |    |  |         |    |    |
| Payments to                       |         |    |    | Debtors .. ..                          |         |    |    |
| Execution                         |         |    |    | Holders .. ..                          | 500     | 0  | 0  |
| and other                         |         |    |    | Preferential                           |         |    |    |
| Secured                           |         |    |    | Creditors .. ..                        | 119     | 10 | 8  |
| Creditors .. ..                   |         |    |    | Unsecured                              |         |    |    |
|                                   |         |    |    | Creditors .. ..                        | 2,550   | 10 | 9  |
| Do per Trading                    |         |    |    | Return to                              |         |    |    |
| Account .. ..                     |         |    |    | Contribu-                              |         |    |    |
|                                   |         |    |    | tories at the                          |         |    |    |
|                                   |         |    |    | rate of 1s                             |         |    |    |
|                                   |         |    |    | per Share .. ..                        | 500     | 0  | 0  |
|                                   |         |    |    |  |         |    |    |
|                                   |         |    |    | Balance .. ..                          |         |    |    |
|                                   |         |    |    |  | 1       | 14 | 10 |
|                                   |         |    |    |  |         |    |    |
|                                   | £ 3,916 | 9  | 4  |  | £ 3,916 | 9  | 4  |

Creditors and Contributories can obtain any further information on application to the Liquidator.  
22nd day of August, 19...

59, BUCKLESBURY,  
LONDON, E.C.

WALTER HENSMAN,  
Liquidator, F.C.A.



vouchers which they may require for the purpose of that audit. After audit, one copy of the liquidator's account will be retained at Somerset House—the other is filed by the officials of the Court, and either copy is open to the inspection of any creditor or contributory, or such other person as may claim to have an interest in the liquidated company. All accounts have to be printed after audit, and a copy is sent to every creditor and contributory (A specimen form of account prescribed by the above-named Section is given as an inset.)

**Compulsory Liquidation.** Where by order of the Court an insolvent company is to be wound up, the directors, secretary, or other important officials are required to make up a statement of affairs on proper forms supplied by the Board of Trade. These forms are almost upon the same lines as those required to be filled in by the debtor under the bankruptcy laws.

**LIQUIDATOR.**—This is the person who is employed in adjusting and settling any matter connected with an estate in case of dispute, though the term is most frequently found in connection with the winding up of joint-stock companies. He is then a person appointed by the Court. His business is, in the main, to realise the assets of the company, meet its liabilities as far as possible, and to distribute the balance (if any) amongst the partners who are entitled. Sometimes a liquidator acts alone, but in cases of any magnitude he is almost invariably assisted by a committee of inspection. The remuneration to be paid is generally fixed by the committee of inspection, and frequently takes the form of a percentage on the surplus amount of assets realised.

The powers of a liquidator are thus set out in Section 151 of the Companies (Consolidation) Act, 1908—

"(1) The liquidator in a winding-up by the Court shall have power, in the case of a winding-up in England with the sanction either of the Court or of the committee of inspection, and in the case of a winding-up in Scotland or Ireland with the sanction of the Court—

"(a) to bring or defend any action or other legal proceeding in the name and on behalf of the company;

"(b) to carry on the business of the company, so far as may be necessary for the beneficial winding up thereof;

"(c) in the case of a winding-up in England, to employ a solicitor or other agent to take any proceedings or do any business which the liquidator is unable to take or do himself, but the sanction in this case must be obtained before the employment, except in cases of urgency, and in those cases it must be shown that no undue delay took place in obtaining the sanction;

"(d) in the case of a winding-up in Scotland or Ireland, to appoint a solicitor or law agent to assist him in the performance of his duties.

"(2) The liquidator in a winding-up by the Court shall have power, but (subject to the provisions of this Section) in the case of a winding-up in Scotland or Ireland only with the sanction of the Court—

"(a) To sell the real and personal property, and things in action of the company by public auction or private contract, with power to transfer the whole thereof to any person or company, or to sell the same in parcels;

"(b) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts, and other documents, and for that purpose to use, when necessary, the company's seal;

"(c) to prove, rank, and claim in the bankruptcy, insolvency, or sequestration of any contributory, for any balance against his estate, and to receive dividends in the bankruptcy, insolvency, or sequestration in respect of that balance, as a separate debt due from the bankrupt or insolvent and rateably with the other separate creditors;

"(d) to draw, accept, make, and indorse any bill of exchange or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill or note had been drawn, accepted, made, or indorsed by or on behalf of the company in the course of its business;

"(e) to raise on the security of the assets of the company any money requisite;

"(f) to take out in his official name, letters of administration to any deceased contributory, and to do in his official name any other act necessary for obtaining payment of any money due from a contributory or his estate which cannot be conveniently done in the name of the company, and in all such cases the money due shall, for the purpose of enabling the liquidator to take out the letters of administration or recover the money, be deemed to be due to the liquidator himself;

"(g) to do all such other things as may be necessary for winding-up the affairs of the company and distributing its assets."

In the first instance, when a winding-up takes place, the Official Receiver is the liquidator, and it is for the creditors and contributories to decide whether an application shall be made to the Court to appoint some other person in his place as well as a committee of inspection.

The following Section (*ibid.*, 151) of the Companies (Consolidation) Act, 1908, is also important—

"(1) Every liquidator of a company which is being wound up by the Court in England shall, in such manner and at such times as the Board of Trade, with the concurrence of the Treasury, direct, pay the money received by him to the Companies Liquidation Account at the Bank of England, and the Board shall furnish him with a certificate of receipt of the money so paid;

"Provided that, if the committee of inspection satisfy the Board of Trade that for the purpose of carrying on the business of the company or of obtaining advances, or for any other reason, it is for the advantage of the creditors or contributories that the liquidator should have an account with any other bank, the Board shall, on the application of the committee of inspection, authorise the liquidator to make his payments into and out of such other bank as the committee may select, and thereupon those payments shall be made in the prescribed manner.

"(2) If any such liquidator at any time retains for more than ten days a sum exceeding £50, or such other amount as the Board of Trade in any particular case authorise him to retain, then, unless he explains the retention to the satisfaction of the Board, he shall pay interest on the amount so retained in excess at the rate of 20 per



cent per annum, and shall be liable to disallowance of all or such part of his remuneration as the Board may think just, and to be removed from his office by the Board, and shall be liable to pay any expenses occasioned by reason of his default.

"(3) A liquidator of a company which is being wound up by the Court in England shall not pay any sums received by him as liquidator into his private banking account."

The liquidator arranges for all meetings of creditors and contributors, supplies all necessary information to the Official Receiver, keeps all proper books, and is controlled generally (in addition to the control exercised by the committee of inspection) by the Board of Trade.

When his business is completed and it has been ascertained that his accounts and his books are in order, the liquidator obtains his release. (See WINDING-UP.)

**LIQUORICE.**—A plant grown in Spain, Turkey, and other parts of South Europe for the sake of its long, round, succulent root. Owing to the presence of a substance called glycyrrhizine, the root is sweet to the taste. It is used in pharmacy in certain catarrhal affections. It is also employed to sweeten tobacco and to darken the colour of porters.

**LIRA, LIRE.**—(See FOREIGN MONIES.—ITALY.)

**LITHARGE.**—The monoxide of lead, which, when fused and ground, forms a reddish powder used in the composition of flint glass. It is also of value in the arts and in the glazing of porcelain.

**LITHIUM.**—The lightest solid known. It is a silvery white metallic element occurring in several minerals in Sweden and elsewhere, usually in combination with silica. A series of medicinal salts is obtained from its oxide, known as lithia. Carbonate and citrate of lithia are used in gout, rheumatism, and similar diseases caused by the presence of uric acid.

**LITHOGRAPHIC STONE.**—A variety of limestone or combination of lime, clay, and siliceous earths used for taking impressions in lithography. The stones are hard, fine grained, and compact, and are usually prepared from thin slabs, being afterwards cut and polished. The chief exporting countries are Italy, France, and Bavaria, the last-named country supplying the best variety. The natural stones have now to compete with an artificial product consisting of zinc with thin coatings.

**LITHOGRAPHY.**—(See DUPLICATING.)

**LITHUANIA.**—*Position, Area and Population.* The former Russian governments of Kovno and Vilna, and portions of Grodno, Mohilef and Vitebsk were united in 1918 as the Republic of Lithuania. The area included in the Republic, at present, is about 70,000 square miles (seven-twelfths of the United Kingdom) with an estimated population of seven millions. The future of the districts of Memel and Tilsit is to be settled by the League of Nations as between Lithuania and Poland. Lithuania has the Baltic Sea on the north-west, Latvia on the north-east, European Russia on the east and south, and Poland on the south and west. Its coast-line is small and suffers from the disadvantage of being icebound for some weeks in winter.

**Build and Climate.** The region is part of the Great European Plain and consists of low moraine lands dotted with marsh and lake and traversed by plateaus covered by dark pine woods, in whose

deepest recesses the foot of man has never trodden. The continental type of climate—cold winters and rather hot summers—prevails. The rainfall is moderate, falling at all seasons, but most especially in summer. Wild and pitiless snowstorms often occur in winter.

**Productions and Industries.** On the poor glacial soils in the forest clearings crops of rye and barley, flax and hemp, and beet and potatoes are grown. Sugar is obtained from the beet; alcohol and starch are got from the potatoes, and linen is manufactured from the flax. Lumbering is important in the forest districts. The timber is cut down and floated down the rivers, and masts, pitch and tar are exported to foreign markets. Dairying is carried on to a limited extent.



**People.** The Lithuanians belong to the Northern Race, they are not true Russians, Slavs of the Alpine Race. They are fair, tall, narrow-faced, and long-headed, and speak an Aryan tongue, the most archaic in Europe. The attempts made, in the past, to Russify them ended in failure, and the civilising influence of the sea on them is seen in their non-Russian characteristics.

**Communications and Trade Centres.** Facilities of transport need great development. Roads are poor, railway communication is little developed, and river traffic is not possible in winter.

**Vilna** (210,000) picturesquely situated on the Vilna, a tributary of the Niemen, is the seat of government, and was formerly the residence of the Grand Dukes of Lithuania. It is an important railway junction and strategic centre, and has an important trade in grain and timber.

**Kovno** (100,000) is a strategic centre and important railway junction.

**Grodno** (50,000) is a trading town on the Niemen.

**Mohilef** (50,000) on the Dnieper has a transit and fruit trade.

**LITMUS.**—A colouring material obtained, like archil, from various species of lichens, but differing in the method of preparation. It is a valuable test in chemistry, turning red or blue according to the presence of acids or alkalis respectively.

**LITRA.**—(See FOREIGN WEIGHTS AND MEASURES.—GREECE.)

**LITRE.**—The unit of capacity under the metric system (*qv*). It is a cubic decimetre, and is equivalent to about 1.7608 English pints.

**LITRO.**—(See FOREIGN WEIGHTS AND MEASURES.—ITALY.)

**LITRON.**—(See FOREIGN WEIGHTS AND MEASURES.—**LIBIUM**.)

**LIVE STOCK INSURANCE.**—(See INDEMNITY INSURANCE.)

**LIVERYMAN.**—The name applied to a freeman of the City of London, who is entitled to the privileges of the company of which he is a member.

**LIVERY OF SEISIN.**—The old method of delivering up possession of landed property. It consisted in a kind of physical transfer, the holder doing some act by means of which he made it apparent that he was vacating his position and handing it over to another person. Sometimes this was done by actual entry upon the land, sometimes by the delivery of a piece of turf or a twig.

**LIVERY STABLES.**—A horse is said to stand at livery when it is placed in the stables of a person called a livery stable keeper, who holds it and delivers it at the owner's orders whenever it is required. It is this obligation to deliver which the word "livery" indicates, so that a livery-stable is a stable where horses are fed, stabled, and cared for in return for payment to the keeper of the stable. A livery stable is, in fact, a boarding-house for horses, though there is another sense in which the term is used, so that it means stables where horses are kept in readiness to be hired for riding or driving. We shall speak of a livery-stable as a place which is kept by a livery stable keeper for the reception of other people's horses.

The contract which a livery-stable keeper makes with the owner of a horse is entirely what the parties choose to make it. The livery stable keeper is not like an innkeeper, who has special privileges and responsibilities imposed by law in regard to horses that are placed in his stables. In an old case it was attempted to prove that a person who let lodgings and supplied victuals at certain prices and stabling for his lodgers' horses was an innkeeper, and liable to have soldiers quartered on him; but it was held that in such circumstances the livery stable keeper was not an innkeeper. Consequently, a man may open premises for guests or lodgers, and stable their horses for the horse of the public who may put them at livery with him, without taking out the licence of an innkeeper, so long as he does not supply alcoholic drinks. An innkeeper is absolutely responsible for the theft or loss of a horse which a guest places in his stable, but it is otherwise with a mere livery-stable keeper, who is only responsible if negligence is proved against him, or perhaps if he himself fails to prove that he took proper care. On the other hand, neither the livery stable keeper nor his customers with horses at livery have certain privileges which innkeepers and their guests enjoy. A guest who places his horses in the stables of an innkeeper is protected from any distress for rent put in by the innkeeper's landlord. But a person who sends his horse or his carriage to livery stables has not this protection. In a case of *Parsons v. Ginzell* in 1847 (4 C B 545), horses and carriages that were standing at livery were distrained, and it was held that they were not exempt from distress for rent. It was said on behalf of those resisting the distress that a livery-stable keeper takes in horses to keep, feed, and clean, and take care of, and that persons who sent their horses to have this sort of work done on them were in the position of persons who send horses to the smith to be shod, or where goods are sent to be manufactured or work done on them, and not merely to occupy the premises. But in all these cases the person who does the work has the right of

lien, that is, of detaining the article on which the work is done for the payment of his charges. Yet in the case of livery stable keepers it had been decided many years before *Parsons v. Ginzell* that they had not a lien for the keep of horses left with them as an innkeeper or those classes of tradesmen or artisans above mentioned. Besides, it had also been held that a carriage at livery was distrainable, it was merely occupying the premises. Thus mere occupancy was the principle on which it was decided that horses are distrainable. If they are sent to the stables merely to be fed and groomed, and then sent back to the owner, they would be free from distress, as other goods are on which work is done. But if the horses are sent there for the purpose of being kept on and occupying the premises, and the cleaning and grooming and feeding are done as incidental to this principal object, then there is no protection from distress. They are sent for the purpose of being there merely at the will of the owner and not for the sake of work being done on them. It is evident, therefore, that before horses are sent to livery it is important to be sure of the good credit and solvency of the livery stable keeper. And the livery stable keeper has not the same right of lien that the innkeeper has for the keep of horses staying with him, because he is not, like the innkeeper, compelled to find accommodation for the horses or carriages of people in the position of guests, but can make a contract or not as he pleases. Thus, though he has no lien by law, the livery-stable keeper may bargain that a horse may be security for money advanced and for its keep. If the owner improperly takes the horse out of his possession, so as to defeat the lien, he may recover it, and he will not be answerable for so doing, as his lien still subsists. Neither without such a special agreement has the livery stable keeper any lien for expenses incurred by him on the horse at the owner's request. This was held in a case of *Oncharl v. Rickstraw* in 1850 (9 C B 698), where a livery-stable keeper had, at the request of the horse's owner, employed a veterinary surgeon to blister the horse for splints. The livery-stable keeper can only sue the owner for the money spent at his request.

A livery-stable keeper's obligation is to take reasonable care of the horses or carriages entrusted to him, and this reasonable care also extends to seeing that the building where they are deposited is reasonably safe, but there is no warranty that the building is absolutely safe. This was held in 1874 in a case of *Searle v. Laverick*, L. R. 9 Q B 122. A shed in which carriages were placed was blown down by a high wind, and as the livery stable keeper had exercised the care of an ordinary careful man in employing the builder, he was not liable for the builder's negligence.

The action brought against a livery stable keeper for failing to take due and proper care of a horse is founded on the particular contract between the parties and not in tort, that is to say, the duty is wholly under the contract, and not on any law independently of a contract, that every person must conduct himself with care or, as actions against farmers or innkeepers, or baymen, might be (See FARMERS AND INNKEEPERS.)

In a case of *Legge v. Tucker*, in 1856 (26 L. J. Ex. 71), the plaintiff brought an action against a livery-stable keeper for not having taken due and proper care of a horse entrusted to him. The horse was to be kept in a separate stall, but instead of being properly taken care of and put in a separate

stall, it was so negligently cared for that it was kicked by other horses. It was decided that all the right of action for failure to exercise reasonable care was founded on the individual contract between the parties.

**LIVRE.**—(See FOREIGN WEIGHTS AND MEASURES—BELGIUM.)

**LLOYD AUSTRIAN.**—This is an association of merchants, corresponding to the English Lloyd's. It was founded at Trieste in 1833. Its publication, the *Girale del Lloyd Austriaco*, dates from 1835.

**LLOYD'S.**—An association of merchants, ship-owners, underwriters, and ship and insurance brokers, having its headquarters in a suite of rooms in the Royal Exchange, London. None but members of Lloyd's who have duly paid the fees are allowed to transact business there, either as insurance brokers or as underwriters.

—In the underwriting rooms the underwriters sit at tables of the coffee-house type, while the brokers and other subscribers pass from one underwriter to another and submit their "ships." There are also (1) an apartment in which the latest telegrams are exhibited for the information of members, and (2) a large room called the reading room, where all this information is carefully tabulated in volumes ranged alphabetically from one end of the room to another. The corporate affairs of members, as distinguished from their underwriting business, are managed by a committee, elected by and from the members of Lloyd's, and presided over by a chairman and deputy-chairman. The shipping intelligence is furnished by agents appointed for the purpose, and there is scarcely a port of consequence where one is not stationed. Subscribers pay an annual subscription of five guineas without entrance fee, but have no voice in the management of the institution. Members consist of non-underwriting members who pay an entrance fee of twelve guineas, and of underwriting members who pay a fee of £100. Underwriting members are also required to deposit securities to the value of £5,000 to £10,000 according to circumstances, as a guarantee for their engagements. The management of Lloyd's is delegated by the members to a certain number of the members, who form a committee. The business is done entirely by brokers, who write upon a slip of paper the name of the ship and shipmaster, the nature of the voyage, and the subject to be insured, and its value. If the risk is accepted, each underwriter subscribes his name and the amount he will underwrite, and as soon as the total value is made up the insurance is effected.

Lloyd's is the official centre of all shipping intelligence, the agencies sending in daily accounts of arrivals, arrivals, losses and casualties, and other information. These accounts are entered in certain books at Lloyd's known as Lloyd's Books, and open only to members and subscribers, and no member can copy any information for the benefit of a third party without the special leave of the committee. The official publication of Lloyd's is *Lloyd's List*, a newspaper which is issued daily at the price of 3d.

Lloyd's agents, who are appointed by the corporation, are not the agents of the individual underwriters. Still, they perform very important functions, e.g., as surveyors of damaged cargo, and in many ways render assistance where vessels put into a port of distress. Lloyd's agents have no other authority than what they derive from the printed instructions under which they act. By these instructions it is expressly declared that no Lloyd's agent

is to make up or sign any adjustment of loss as the representative of the underwriters. There is at Lloyd's a register of captains giving the record of every master during his whole career.

Though clear proof may be given of a particular usage being established at Lloyd's, and even though the fact may be that the policy was effected by a broker at Lloyd's, in the common course of business, for a party resident in the country, yet, such party cannot be affected by the usage, unless it can be further shown, either that he was actually cognizant of it, or, from his general modes of dealing, habits of life or place of business, cannot be supposed to have been ignorant of it.

**LLOYD'S BONDS.**—The name given to a species of securities introduced by Mr. John Horatio Lloyd, an eminent barrister, and much employed by railway and other companies whose power of borrowing money on mortgage or bond is derived from and limited by Acts of Parliament. A Lloyd's bond is an admission under seal of a debt being due by the company issuing the bond to the person in whose favour it is executed, with a covenant to pay the sum due at a time fixed, and to pay interest at a certain rate from the time of issue until payment. Such an instrument, in order to be valid, must not be issued otherwise than under the authority of some statute, or it is invalid and entails the forfeiture to the Crown of a sum equal to that for which it purports to be a security (7 and 8 Vict. c. 85, Sec. 19). Thus, if it is intended merely for the purpose of borrowing money and not for meeting a liability, it will be invalid, but it will be good if the company which grants it has had the benefit of the money for which the instrument was given. Previous to the introduction of Lloyd's bonds, the restrictions upon borrowing really limited the liabilities of companies. They were severely felt by companies whose works were being made or being extended, these were often in need of money which it was impossible to raise by means of calls; and their borrowing powers had not come into operation, or could not conveniently be resorted to.

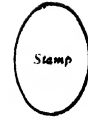
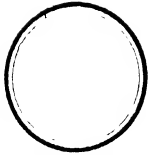
**LLOYD'S LIST.**—This is a daily publication of Lloyd's, which gives full information as to the movements of vessels and shipping and mercantile intelligence generally. (See LLOYD'S.)

**LLOYD'S POLICY.**—The common form of Lloyd's policy, which has been in use for about 300 years, is still employed to cover all kinds of marine risks, any variations which the newer developments of commerce necessitate being made by means of clauses, which are incorporated with the policy in various ways. Sometimes clauses are printed on slips and gummed to the policy, or they are written, printed, or stamped on the margin of the policy. Any clause may be added which is needed for the requirements of the particular case, such as the running-down clause, rules as to general average, such as the York-Antwerp Rules, or warranties. Strictly speaking the term "Lloyd's policy" denotes a policy with the device of an anchor in the margin, encircled by the words "For signature by the underwriting members of Lloyd's only." Any person who without the authority of the society, or without lawful excuse, imitates the stamp or mark used to denote a Lloyd's policy, or utters or uses a policy with such stamp or mark, is liable to a penalty under Lloyd's Act, 1871.

1 Rules of Construction of a Policy generally. The construction of mercantile contracts is always important and sometimes difficult, and there is no

[FORM OF LLOYD'S POLICY.]

BE IT KNOWN THAT



as well in . . . . . our own Name as for and in the name and names of all and every other person or persons to whom the same doth, may, or shall appertain, in part or in all doth make assurance and cause . . . . . and them, and every of them, to be insured, lost or not lost at and from

Any person not an Underwriting Member of Lloyd's subscribing this Policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Sec. 31 of Lloyd's Act.

S. G.

upon any kinds of goods and merchandises, and also upon the body, tackle, apparel, ordnance, munition, artillery, boat, and other furniture, of and in the good ship or vessel called the . . . . .

whereof is master, under God, for this present voyage, . . . . . or whosoever else shall go for master in the said ship, or by whatsoever other name or names the said ship, or the master thereof, is or shall be named or called; beginning the adventure upon the said goods and merchandises from the loading thereof aboard the said ship

upon the said ship, etc.

and shall so continue and endure, during her abode there, upon the said ship, etc. And further, until the said ship, with all her ordnance, tackle, apparel, etc., and goods and merchandises whatsoever shall be arrived at

upon the said ship, etc., until she hath moored at anchor twenty-four hours in good safety; and upon the goods and merchandises, until the same be there discharged and safely landed. And it shall be lawful for the said ship, etc., in this voyage, to proceed and sail to and touch and stay at any ports or places whatsoever

without prejudice to this insurance. The said ship, etc., goods and merchandises, etc., for so much as concerns the assured by agreement between the assured and assurers in this policy, are and shall be valued at

Touching the adventures and perils which we the assurers are contented to bear, and do take upon us in this voyage; they are of the seas, men of war, fire, enemies, pirates, rovers, thieves, jettisons, letters of mart and countermart, surprisals, takings at sea, arrests, restraints, and detainerments of all kings, princes, and people, of what nation, condition, or quality soever, barratry of the master and mariners, and of all other perils, losses and misfortunes, that have or shall come to the hurt, detriment, or damage of the said goods and merchandises, and ship, etc., or any part thereof. And in case of any loss or misfortune, it shall be lawful to the assured, their factors, servants, and assigns to sue, labour, and travel for, in and about the defence, safeguards, and recovery of the said goods and merchandises, and ship, etc., or any part thereof, without prejudice to this insurance; to the charges whereof we, the assurers, will contribute each one according to the rate and quantity of his sum herein assured. And it is especially declared and agreed that no acts of the insurer or insured in recovering, saving, or preserving the property insured shall be considered as a waiver, or acceptance, or abandonment. And it is agreed by us, the insurers, that this writing or policy of assurance shall be of as much force and effect as the surest writing or policy of assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London. And so we, the assurers, are contented, and do hereby promise and bind ourselves, each one for his own part, our heirs, executors, and goods to the assured, their executors, administrators, and assigns, for the true performance of the premises, confessing ourselves paid the consideration due unto us for this assurance by the assured, at and after the rate of

IN WITNESS whereof, we, the assurers, have subscribed our names and sums assured in London.

N.B.—Corn, msh, salt, fruit, flour, and seed are warranted free from average, unless general, or the ship be stranded—sugar, tobacco, hemp, flax, hides, and skins are warranted free from average, under five pounds per cent.; and all other goods, also the ship and freight are warranted free from average, under three pounds per cent., unless general, or the ship be stranded.



class of contracts which have given rise to more questions of construction, and have caused more litigation on this ground, than policies of insurance. They were originally bargains between merchants, and there is no reason to suppose that they were written under professional advice, and they were certainly not written with technical accuracy. It has often been remarked that, if read for the first time, and without the aid of custom or adjudication, their meaning and purpose could hardly be discovered. Much of their language has been repeated for several generations, and of many of the phrases the meaning and effect are fully determined by adjudication. But changes in this phraseology are continually made to meet the varying needs of commerce, and every new phrase gives rise to new questions. All policies are in part printed and in part written. What is printed is supposed to belong to all policies, or at least to all the policies issued by the underwriters who use that form. What is written expresses the particulars of that individual bargain. From this follows one obvious rule: that if what is written conflicts with what is printed, it controls what is printed, for what is written contains the particulars of that very contract, and may be supposed to come under special consideration. It is the parts which are written which give rise to the vastly larger number of questions of construction. They have not usually the advantage of ancient usage, or of definite adjudication. They express the meaning of the parties in such words as occurred to them, and as seemed at the time sufficient, but when a loss occurs these words are often found to admit of more than one construction and to be of doubtful meaning. It must always be remembered that construction does not come in, unless it is made necessary by obscurity or uncertainty. Wherever words can mean but one thing, they may give rise to many questions, as of mistake, fraud, or the like, but they do not raise a question of construction. The general principles or rules which determine all construction are as applicable to contracts of insurance as to all other contracts. Some of them, however, have been considered with peculiar frequency in cases of insurance. The language of sea-policies is frequently indeterminate, ambiguous, or technical. When this is so, proof exists, as in the case of other contracts, is admissible to explain it. The language is also frequently incomplete as an expression of the meaning of the parties, because it is employed, and is understood so to be, with reference to the usages of trade. The Marine Insurance Act, 1906, expressly recognises the effect of usage upon the construction of the contract, for Section 87 enacts that where any right, duty, or liability would arise under a contract of marine insurance by implication of law, it may be negatived or varied by express agreement, or by usage, if the usage be such as to bind both parties to the contract. The provision of this Section extends to any right, duty, or liability declared by this Act which may be lawfully modified by agreement. In order that the usage may control the policy, it must be a usage so established and settled amongst merchants and traders as to be clear and plain and beyond doubt. But even if the usage is not general, yet if it can be shown or implied that the parties contracted with reference to it, they will be bound by it, though not otherwise. The evidence of usage is only admissible to explain or control the meaning of the policy, it will not be allowed to be given for the purpose of

contradicting the plain terms of the policy. If any doubt arises as to the meaning and effect of words, they must be construed in the sense most favourable to the assured. The loss must be attributed to the actual and direct cause, so that where there are a number of events successive in order of time, each producing the one which follows it, the last event preceding and producing the loss is held to be the cause of such loss. The assured can only recover on the policy when the loss is a direct and immediate consequence of a peril insured against and not a remote consequence of that peril. The question of construction of written papers is always, in all its parts, a question of law for the court, but it is sometimes not easy to draw the dividing line between the law and the fact in questions of construction. Thus, if there are technical words of which the meaning is disputed, and experts are called to determine this meaning, what the words mean is a question of fact for the jury, but the effect of this or that meaning on the instrument is matter of law for the court. Whether or not there is an alteration is a question of fact for the jury. The general rule as to alterations of policies of insurance is, that a material alteration made by one party, without the assent of the other, avoids the policy. But to have this effect it must be material, for if it is immaterial, either from its total want of value or importance, or because it only expresses something already included by legal construction in the policy, it would not avoid the policy. It is also necessary to its avoidance of the contract that the alteration be made by a party, or by some other person with so much consent or co-operation of the party to the contract, as to make him responsible for it. Usage may show this authority.

**2 Construction of Lloyd's Policy.** "*Lost or Not Lost*." When the subject matter is insured "*lost or not lost*," and the loss has occurred before the contract is concluded, the risk attaches unless, at such time, the assured was aware of the loss, and the insurer was not (Marine Insurance Act, 1906, Schedule I, Rule 1). It has been decided that a policy containing this clause was good, where the subject of insurance was accepted for insurance, and the premium paid, before loss, although the policy was not executed until after a loss had happened, to the knowledge of both the assured and the underwriter.

"*From*." Where the subject-matter is insured "*from*" a particular place, the risk does not attach until the ship starts on the voyage insured (*ibid*, Rule 2). Thus, if the ship is insured simply "*from*" a port, or if the adventure on the ship is made by the policy "*to begin on the ship from A B*," the risk does not commence until the ship sails on her voyage "*from*" such port, *i.e.* until she quits her moorings and breaks ground, being in a state of perfect equipment and readiness for her voyage.

"*To and From*." Where a ship is insured "*at and from*" a particular place, and she is at that place in good safety when the contract is concluded, the risk attaches immediately. If she is not at that place when the contract is concluded, the risk attaches as soon as she arrives there in good safety; and, unless the policy otherwise provides, it is immaterial that she is covered by another policy for a specified time before arrival. Where chartered freight is insured "*at and from*" a particular place, and the ship is at that place in good safety when the contract is concluded, the risk attaches

immediately. If she is not there when the contract is concluded, the risk attaches as soon as she arrives there in good safety. Where freight, other than chartered freight, is payable without special conditions, and is insured "at and from" a particular place, the risk attaches *pro rata* as the goods or merchandise are shipped, provided that if there is cargo in readiness which belongs to the shipowner, or which some other person has contracted with him to ship, the risk attaches as soon as the ship is ready to receive the cargo (*ibid.* Rule 3). Where the subject matter is insured by a voyage policy "at and from" or "from" a particular place, it is not necessary that the ship should be at that place when the contract is concluded, but there is an implied condition that the adventure shall be commenced within a reasonable time, and that if the adventure is not so commenced the insurer may avoid the contract. The implied condition may be so negatived by showing that the delay was caused by circumstances known to the insurer before the contract was concluded, or by showing that he waived the condition (*ibid.* Sec. 4). An insurance on freight "at and from" a place does not cover the freight on a voyage terminating at that place, for that freight is not at risk on the voyage described in the policy. Thus when freight was insured at and from Riga to the United Kingdom and the ship was captured at Riga, it was held that the policy did not cover the freight on the outward voyage to Riga. If freight is insured from one port to another, and the assured, in pursuance of leave granted by the policy, takes goods on board at an intermediate port destined for the *terminus ad quem*, the freight on these goods is covered.

"*From the Loading thereof*." Where goods or other movables are insured "from the loading thereof," the risk does not attach until such goods or movables are actually on board, and the insurer is not liable for them while in transit from the shore to the ship (*ibid.* Rule 4). The English practice is different in this respect from that of most of the Continental nations, for with them the risk of the underwriters on goods commences directly the goods quit the shore to be loaded on board the ship. This, however, can only be done in this country by an express clause in the policy to that effect.

"*Safely Landed*." Where the risk on goods or other movables continues until they are "safely landed," they must be landed in the customary manner and within a reasonable time after the arrival at the port of discharge, and if they are not so landed the risk ceases (*ibid.* Rule 5). The risk on goods may be of longer duration than the risk on ship when the policy is in the common form, and indeed, it will be so in all such cases where the ship cannot discharge within the twenty-four hours during which the protection extends, but the goods must be landed within a reasonable time. By "safely landed" is meant safely delivered on shore, at the ordinary wharves and quays or customary landing-places within the limits of the port of discharge, that is, at the places where it is usual to discharge cargoes of the class insured, but the risk on goods may be terminated by the consignee taking delivery short of the shore. A policy of insurance on goods which includes "all risk of craft until the goods are discharged and safely landed" does not cover the risk to the goods while waiting on lighters at the port of delivery for transshipment into an export ship.

"*Touch and Stay*." In the absence of any further licence or usage, the liberty to touch and stay "at any port or place whatsoever" does not authorise the ship to depart from the course of her voyage from the port of departure to the port of destination (*ibid.* Rule 6). It is not an implied condition in a common marine policy on ship and freight that the ship shall not trade in the course of her voyage, if that may be done without deviation or delay or otherwise increasing the risk of the insurers.

"*Perils of the Seas*." The term "perils of the seas" refers only to fortuitous accidents or casualties of the seas. It does not include the ordinary action of the winds and waves. This is a common phrase in marine policies, charter parties, and bills of lading. The phrase, whether understood in its most limited sense as importing a loss by natural accidents peculiar to that element, or whether understood in its more extended sense as including inevitable accidents occurring upon that element, must still in either case be understood to include such losses only to the goods on board, as are of an extraordinary nature, or arise from some irresistible force, or from inevitable accident, or some overwhelming power which cannot be guarded against by the ordinary exertions of human skill and prudence. Hence it is, that if the loss occurs by a peril of the sea which might have been avoided by the exercise of any reasonable skill or diligence at the time when it occurred, it is not to be deemed to be, in the sense of the phrase, such a loss by the perils of the sea as will exempt the carrier from liability, but rather a loss by the gross negligence of the party. Something fortuitous and unexpected is involved in the word "peril" or "accident." Underwriters are answerable for casualties arising from the violent action of the elements, as distinguished from the silent, natural, and gradual action of the elements upon the vessel itself. Thus, if a cable be chafed by the rocks, or the fluke of an anchor broken off, in a place of usual anchorage and under no extraordinary circumstances of wind and weather, this is ordinary wear and tear which falls on the owner alone, and for which the underwriter is not liable; if, on the other hand, the same thing occurred in a place of unusual anchorage, or even in the usual anchorage ground in a gale of extraordinary violence, the underwriter would be liable for the loss as caused by the perils of the sea.

The expression has the same meaning in a contract of sea carriage as it has in a marine policy, but in the case of a contract of carriage the court looks to what has been termed the remote as distinguished from the proximate cause of damage, whereas in the case of a policy the proximate cause can alone be regarded, and thus under a policy a loss caused by a peril of the sea to the thing insured, which would not have arisen except for the negligence of the assured's servants on board the ship, is recoverable from the underwriter, while, in the like case, under a contract of sea carriage, in spite of the ordinary exception of losses by perils of the sea, the shipowner would still be liable, unless he has expressly excepted liability for his servants' acts or negligence. Examples of losses by perils of the sea: (1) Foundering at sea, when proximately caused by the fury of storms and tempests. (2) Shipwreck, when caused by the ship being driven ashore, or on rocks and shoals in the mid-sea, by violence of the winds and waves. (3) Loss by stranding, but not where the ship takes the ground in the usual course of the voyage, and without the intervention

of any extraordinary casualty, there must be something fortuitous to make the underwriters liable, where a ship insured "against capture only" is driven by stress of weather on the enemy's coast, and without having received any material damage, is there captured, this is a loss by capture recoverable under the policy, and not a loss by perils of the sea, where there has been a total loss by capture, and the ship is afterwards destroyed by a peril of the sea, it is the capture, and not the peril of the sea, which is between the shipowner and the insurers is the cause of the loss. (4) Damage by sea water. (5) Damage by collision for which the ship carrying the cargo is not to blame. (6) Damage by a sunken rock, an iceberg, or a swordfish, or cannon shot which lets in sea water. (7) Damage to cargo by rough weather beyond the ordinary wear and tear of the voyage, if the stowage of the cargo was originally sufficient, but not if this was carelessly and improperly done. (8) Captures by pirates or wreckers, or detention by officials of a foreign Government for fees and dues in respect of general average. (9) Where cattle are injured by the pitching and pitching of the ship. (10) Damage to cargo caused by the mention of water through holes made by rats, but not damage to cargo by rats. (11) Cargo damaged by sea water negligently let in by the engineer through a tank valve.

"*Pirates*." The term "pirates" includes passengers who mutiny and rioters who attack the ship from the shore, and "pirates and rovers" include a mutinous crew who carry away the ship. Loss by pirates is also covered by perils of the sea.

"*Thieves*." The term "thieves" does not cover clandestine theft or a theft committed by any one of the ship's company, whether crew or passengers. The theft covered by the policy or exception is theft accompanied by violence, and not simple theft. "Thieves" only means thieves external to the ship. "Robbers" means, not thieves, but robbers, by force, and "pirates, robbers, and thieves of whatever kind, whether on board or not, or by land or sea," does not cover theft committed by persons in the service of the ship. In order to obviate all doubt as to the construction of the word "thieves," some American policies, in stead of "pirates, rovers, and thieves," contain the words "pirates and sailing thieves." In modern bills of lading the exception sometimes runs: "Pirates, robbers, or thieves, whether on board or not." In this form it protects the shipowner against thefts by passengers or strangers on board, but not against thefts by the crew, or by other persons in the employ of the shipowner, such as stevedores doing the work the shipowner has undertaken to do.

"*Restraint of Princes*." The term "arrests, etc., of kings, princes, and people" refers to political or executive acts, and does not include a loss caused by riot or by ordinary judicial process. By the word "people" is meant, not mobs or multitudes of men, but the ruling power of the country whatever that may be. The term "restraint of princes" applies not only to hostile acts, but also to those which are committed by the government of which the assured is a subject. The operation of a municipal law which prevents the delivery of goods at their destination is a "restraint of princes." Embargoes are the most common cases of "arrests of princes." An embargo is an order of government, generally, but not always, issued in contemplation of hostilities, prohibiting the departure of ships or

goods from some or all of the ports within its dominions.

"*Barratry*." This term includes every wrongful act wilfully committed by the master or crew to the prejudice of the owner, or, as the case may be, the charterer.

"*All Other Perils*." This term includes only perils similar in kind to the perils specifically mentioned in the policy. These words do not extend the protection of the policy to all perils that may come to the limit, detriment, or damage of the thing insured, but they are confined to perils of the same nature as those previously enumerated. The assured, as a general principle, may recover from the underwriter in respect of any extraordinary expenditure which he has necessarily incurred in consequence of any of the perils insured against, and also in respect of all charges or contributions which, either by the law of the land, or the general maritime law, are attached as a direct legal consequence to these perils.

"*Average unless General*." This term means a partial loss of the subject matter insured other than a general average loss, and does not include "particular charges." By the words the underwriter is exempted from liability for anything less than a total loss, except it is of the nature of general average, but for general average losses he is in all cases liable.

"*Stranded*." Where the ship has stranded, the insurer is liable for the excepted losses, although the loss is not attributable to the stranding, provided that when the stranding takes place the risk has attached, and, if the policy is on goods, that the damaged goods are on board. On a stranding of the ship the whole damage done is claimable, whether traceable to the stranding or not, even when the damage takes place before the stranding follows, or where the stranding takes place but the ship gets off and the damage follows later in the course of the voyage. When, therefore, a stranding takes place, the policy must be construed as if there was no limitation in respect of particular average liability such as is laid down in the memorandum, but in the case of goods, this exception out of the memorandum only applies to such goods as are at risk in the ship at the time of the stranding, and during the prosecution of the adventure. Where, however, the stranding takes place after the memorandum articles have ceased to be at risk, this does not render the underwriter liable for an average loss sustained by them in the course of the voyage, for the stranding contemplated by the memorandum must be one which takes place after the adventure on the memorandum articles has commenced, and before it has terminated. The words "or the ship be stranded" are exclusively confined to the stranding of the ship, and the stranding of a lighter, in which goods are being conveyed from the ship to the shore, is not within this exception. In marine insurance "a touch and go" is not a stranding. In order to constitute a stranding, the ship must be stationary. If the ship merely touches or strikes and gets off again, how much soever she may be injured, she is not stranded, but if she settles and remains for any time, this is a stranding, without reference to the degree of damage which she sustains. A resting for fifteen or twenty minutes has been held to be a stranding, whether it is upon a bank or a rock. It is not, however, every stationary taking of the ground that constitutes a stranding. Thus, where



a vessel takes the ground in the ordinary and usual course of navigation and management in a tidal river or harbour, upon the ebbing of the tide, or from a natural deficiency of water, so that she may float again upon the flow of the tide or increase of the water, this is not a stranding within the meaning of the memorandum. Where a vessel took the ground in a tidal harbour where it was intended she should do so at the time she was moored, and was injured by striking against some hard substance, this was considered not to be a stranding "*Ship*." This term includes the hull, materials, and outfit, stores and provisions for the officers and crew, and, in the case of vessels engaged in a special trade, the ordinary fittings requisite for the trade; and also, in the case of a steamship, the machinery, boilers, and coals and engine stores, it owned by the assured. "Hull" in a policy on "hull and machinery" does not cover coal, engine-room and deck stores, provisions and cabin stores, port expenses and advances on premiums. The Merchant Shipping Act, 1894 (Sec. 712), thus defines the terms "vessel" and "ship." *Vessel* includes any ship or boat or any other description of vessel used in navigation, *ship* includes every description of vessel used in navigation not propelled by oar.

"*Freight*" This term includes the profit derivable by a shipowner from the employment of his ship to carry his own goods or movables, as well as freight payable by a third party, but does not include passage money. This word has a more extensive signification in insurance law than in the general law of shipping, and is used comprehensively to denote the benefit derived by the shipowner from the employment of his ship. Freight, strictly speaking, as between the shipowner and the freighter, is the price to be paid by the latter to the former for the carriage of goods in the ship, and is only payable on the arrival of the goods at their port of destination, but in policies of insurance it also denotes that which is less properly called freight, viz., the price agreed to be paid by the charterer to the shipowner for the hire of his ship, or a part of it, under a charter party, or other contract of affreightment, and also the benefit which the shipowner expects to derive from the carriage of his own goods in his own ship, in the shape of their increased value to him at the port of delivery. In whichever of these three senses the word is used, it is a lawful subject of marine insurance. The hire paid to the shipowner for the use of the entire ship, whether the payment is by a lump sum, or at specified rates for cargo carried, is described as "chartered freight." When insuring chartered freight, it is prudent to insure it under three designations, thereby giving the underwriter notice of the charter party. Generally speaking, the shipowner alone has an insurable interest in freight, but the cargo owner, as well as the shipowner, has an insurable interest in the freight to this extent, viz., that if he has to pay full freight for goods which arrive in a damaged state, he suffers a loss on the elements which go to make up the price of goods at the port of delivery. In some cases, however, the charterer may have an insurable interest in freight. In the case of advance freight, the person advancing the freight has an insurable interest, in so far as such freight is not repayable in case of loss. Advance freight may be insured under the simple designation of freight, and need not be described as "advance."

"*Goods*" This term means goods in the nature of merchandise, and does not include personal effects or provisions and stores for use on board. In the absence of any usage to the contrary, deck cargo and living animals must be insured specifically, and not under the general denomination of goods. Bank notes and bills of exchange should, it seems, be specifically described. A policy "on goods" means only such goods as are merchantable, *i.e.*, cargo put on board for the purposes of commerce. Hence it is that clothes and other personal effects are not covered by a general policy on goods and merchandise, nor the ship's provisions, even though the ship carries nothing but passengers. The term "goods," without any marginal addition, will cover substituted cargoes where the policy is out and home, or when it insures voyages to successive ports, or is a time policy. Whenever the goods are specified in the policy, if no property of the assured is on board which fairly answers the description given, the policy will not attach.

"*Particular Charges*" are those expenses which are incurred in preserving the cargo, such as warehousing, drying, packing, etc. They are termed "charges" to distinguish them from particular average damage, which is caused directly by the perils insured against. They are recoverable from underwriters when incurred after the arising of a peril insured against, in order to prevent such peril causing a loss for which the underwriters would be liable, if it was so caused. In this event they are charges incurred "in" and about the defence and safeguard" of the subject-matter of insurance, within the *sung* and *labouring* clause.

"*Sung and Labouring Clause*" Where the policy contains a *sung* and *labouring* clause, the engagement thereby entered into is deemed to be supplementary to the contract of insurance, and the assured may recover from the insurer any expenses properly incurred pursuant to the clause, notwithstanding that the insurer may have paid for a total loss, or that the subject-matter may have been warranted free from particular average, either wholly or under a certain percentage. General average losses and contributions and salvage charges are not recoverable under the *sung* and *labouring* clause. Expenses incurred for the purpose of averting or diminishing any loss not covered by the policy are not recoverable under the *sung* and *labouring* clause. It is the duty of the assured, in all cases, to take such measures as may be reasonable for the purpose of averting or minimizing a loss. Under this clause the underwriter is only liable for the expenses of "*sung* and *labouring*" by the assured, his factors, servants, and assigns," and the re-insurer is thus not liable under a re-insurance policy for such work done by the insured's servants. Expenses payable under the *sue* and *labour* clause must have been incurred to prevent an impending loss when the subject of insurance is actually in peril; but if the goods are in safety and undamaged when the expense is incurred, the cost will not be a *sue* and *labour* expense.

"*Waiver Clause*" The object of this clause is to insure that when the assured has given notice of abandonment, and claimed for a constructive total loss, the legal position of neither party is to be prejudiced by any act done by him for the purpose of averting a loss.

"*Memorandum*" The measure of indemnity for partial losses may be qualified by express terms in the policy, and the commonest example of this is

the memorandum in the Lloyd's policy, which is as follows: "Corn, fish, salt, fruit, flour, and seed are warranted free from average, unless general or the ship be stranded. Sugar, tobacco, hemp, flax, limes, and skins are warranted free from average under five pounds per cent., and all other goods, also the ship and freight are warranted free from average under three pounds per cent., unless general or the ship be stranded." The words "sunk or burnt" have within recent years been frequently added. As the word "average" is used here, it means partial loss by perils insured against, and the intention, therefore, of the words "warranted free from average" is that the underwriter, as to the articles mentioned in the first clause of the memorandum, stipulates to be free from liability for any extent of deterioration which does not amount to a total loss, actual or constructive, or a general average loss. And as to the articles subsequently enumerated, he makes the same stipulation as to all damage which does not amount to 5 per cent. or 3 per cent. of their prime cost, or insured value, it being understood in both cases that, if the loss amounts to the agreed percentage, he will pay the full amount.

As to the stamping of a policy, see MARINE INSURANCE.

**LOYD'S REGISTER.**—Lloyd's Register is an incorporated society, founded in 1760, and reconstructed in 1834, whose aim is to obtain an accurate classification of the shipping of the United Kingdom and of the foreign vessels trading thereto, and it does not trade or carry on business or make any gains or profits. A register book is printed annually by the society for the use of its subscribers, containing the names of the ships or yachts, with other useful information, and the character assigned where the vessels are classed by the society. The highest class for iron and steel vessels is known as 100 A1, and for wooden vessels A1. It is from this classification that the phrase "A1 at Lloyd's" is derived. No action will lie against the chairman or committee of Lloyd's Register, at the suit of a purchaser of a ship, who is not a member of the society, for an alleged negligent survey or classification of the ship made for the previous owner before the date of the purchase, or for negligently issuing a certificate based upon such survey, whereby a false character was given to the ship through negligence, though not through an intention to deceive, and whereby the purchaser was induced to give a larger price for the ship than he otherwise would have done (*Theodon v. Lindell*, 1891, 7 Asp. 76).

**LOADING.** (See RAILWAY, CONSIGNMENT OF GOODS, &c.)

**LOADING IN TURN.**—This is a charter party term used in the coal and other trades, meaning that when several boats are waiting at a loading berth to be loaded, the loading of each is to commence according to and in the order of their arrival at the berth.

**LOAD LINE.**—Sections 438-445 of the Merchant Shipping Act, 1894, deal with the marking of load lines on vessels. The owner of every British ship proceeding to sea from a port in the United Kingdom (except ships under 80 tons register employed solely in fishing and pleasure yachts) must mark upon each of her sides, amidships, in white or yellow on a dark ground, or in black on a light ground, a circular disc 12 in. in diameter, with an horizontal line 18 in. in length drawn through its

centre. The centre of this disc must be placed at such level as may be approved by the Board of Trade below the deck-line, and indicates the maximum load-line in salt water to which the ship may be loaded. If the ship is so loaded as to submerge in salt water the centre of the disc indicating the load-line, the ship is deemed to be an unsafe ship, and may be detained. In the case of British foreign-going vessels, and since January 1st, 1900, of foreign foreign-going vessels, whether required to be entered outwards or not, the load-line must be marked before the vessel is entered outwards, or as soon afterwards as possible. Her owner, upon entering her outwards, must state in the form of entry the distance between the centre of this disc and the upper edge of each deck-line above it under penalty of the ship being detained; the master of the ship must enter a copy of such statement in the agreement with the crew before any of the crew sign it, and until such entry is made, a superintendent must not proceed with the engagement of the crew. In the case of ships not required to be entered outwards, the disc indicating the load-line must be marked before clearance is demanded, and the master must prepare a statement similar to that required to be inserted in the form of entry above, and in the case of a British ship must enter it in the agreement with the crew and the official log, and deliver a copy to the officer of customs from whom clearance is demanded. When a ship has been marked with a disc indicating the load-line, she must be kept so marked until her next return to a port of discharge in the United Kingdom.

In the case of coasting vessels, the ship must be so marked before she proceeds to sea from any port, and the owner must once in every twelve months state, in writing, to the chief officer of customs of the ship's port of registry the distance between the centre of the disc and the upper edge of each deck-line above it. Written notice of any renewal or alteration of the disc must be given before the ship proceeds to sea. The penalty for not complying with the above provisions is a fine not exceeding £100.

**LOAN.**—The sum of money which is lent by one person to another, and which is returnable, with or without interest, according to the terms agreed upon.

**LOAN CAPITAL.**—Money raised by a company upon debentures is called loan capital. It forms a debt due by the company and is different from the actual capital, which is money subscribed by the members of the company.

By the Finance Act, 1899 (Sec. 8).

"(1) Where any local authority, corporation, company, or body of persons formed or established in the United Kingdom propose to raise any loan capital, they shall, before the issue thereof, deliver to the Commissioners a statement of the amount proposed to be secured by the issue.

"(2) Subject to the provisions of this Section, every such statement shall be charged with an *ad valorem* stamp duty of 2s. 6d. for every £100 and any fraction of a £100 over any multiple of £100 of the amount proposed to be secured by the issue, and the amount of the duty shall be a debt due to Her Majesty.

"(3) The duty under this Section shall not be charged to the extent to which it is shown to the satisfaction of the Commissioners that the stamp duty payable in respect of a mortgage or marketable security has been paid on any trust deed or

other document securing the loan capital proposed to be issued.

"(4) If any local authority, corporation, company, or body of persons neglect to deliver a statement, or fail to pay the duty in compliance with this Section, that local authority, corporation, company, or body of persons shall be liable to pay to Her Majesty, in addition to the duty, a sum equal to 10 per cent. upon the amount of the duty, and a like sum for every month after the first month during which the neglect or failure continues.

"(5) In this Section the expression 'loan capital' means any debenture stock, county stock, corporation stock, municipal stock, or funded debt, by whatever name known, or any capital raised by any local authority, corporation, company, or body of persons formed or established in the United Kingdom, which is borrowed, or has the character of borrowed money, whether it is in the form of stock or in any other form, but does not include any county council, or municipal corporation bills repayable not later than twelve months from their date, or any overdraft at the bank or other loan raised for a merely temporary purpose for a period not exceeding twelve months, and the expression 'local authority' includes any county council, municipal corporation, district council, dock trustees, harbour trustees, or other local body by whatever name called."

By the Finance Act, 1907 (Sec. 10)—

*"Reduction of Duty on Loan Capital issued for the Purpose of the Conversion or Consolidation of Existing Capital"*

"(1) Where it is shown to the satisfaction of the Commissioners that the loan capital issued by any local authority, corporation, company, or body of persons, in respect of which a statement has, after the commencement of this Act, been delivered to the Commissioners under Section 8 of the Finance Act, 1899, has been wholly or partly applied for the purpose of the conversion or consolidation of the then existing loan capital, that authority, corporation, company, or body of persons, as the case may be, shall be entitled to repayment in respect of the duty charged on the statement so delivered at the rate of 2s. for every £100 of the capital to which the statement relates which is so shown to have been applied for the purpose of the conversion or consolidation of then existing loan capital, but this Section shall not apply to any duty payable in respect of a mortgage or marketable security which has been paid on any trust deed or other document securing the loan capital which has been issued.

"(2) If it is represented to the Commissioners by any such local authority, corporation, company, or body of persons that loan capital about to be issued by them is to be applied in whole or in part, for the purpose of the conversion or consolidation of existing loan capital, the Commissioners may postpone the time for the delivery of the statement and the payment of duty under Section 8 of the Finance Act, 1899, until the capital has been issued or until such other time as the Commissioners think fit for the purpose of enabling the payment and repayment of the duty to take place as one transaction."

(See COMPANIES, SHARE CAPITAL.)

**LOANS.**—(See OVERRDRAFTS and LOANS.)

**LOAN SOCIETIES.**—These are societies which are governed by the Loan Societies Act, 1840, an Act which is applicable to England and Wales only. The society may be constituted of any number of persons, whose business consists in making loans to the industrious classes, such loans not to exceed £15 to any one person. Rules must be framed for the management of the societies similar to those in use by friendly societies, the property must be vested in trustees, and accounts must be presented periodically to Parliament.

**LOBSTER.**—The well-known edible shell-fish found in large quantities off the British coast and in other parts of Europe, especially in Norway, which does a large export trade in the live fish, while Newfoundland, Nova Scotia, and New Brunswick supply the canned variety.

**LOCAL GOVERNMENT.**—Local government is the government of a parish, a district, a city, a town, or a county. This government is carried on by ratepayers elected for the purpose, and the electors are the ratepayers, householders, and occupiers of each place, whether it be a parish or a county.

**Historical.** Until modern times, local government was not a highly developed science, the affairs of the rural parish were settled by the clergyman, churchwardens, and overseers of the poor. Local Boards of Health undertook what went at the time somewhat clerical duties. Ancient cities and towns were governed by virtue of their ancient charters, or under special Acts of Parliament, and sometimes under an early Victorian statute, now repealed. The counties were governed by justices of the peace, and the poor law, a very important part of local government, was administered, as now, by boards of poor law guardians.

When Queen Victoria ascended the throne (1837), local government, as we know it, was almost non-existent. No one thought of allotment grounds for the people, or of public baths and wash-houses, or of free libraries, or of open spaces—those glorious places where the children of the poor, and people of all classes and ages, may breathe the pure air, and gaze upon well-kept grass, and play games, and view beautiful flowers and stately trees. No one thought of establishing local museums, gymnasiums, isolation hospitals, or tramways, or electric lighting. The State took no care of public education, that was left to the churches of all denominations, and although it was well done in England and Wales, it was far behind the parish education supplied by Scotland. Education in Ireland was a negligible quantity.

There was little, if any, effective oversight of dairies, or of prevention of disease amongst animals intended for the food of man, the state of the workers in factories was disgraceful, especially the conditions under which women and children worked, and nobody cared. The putting out of fires was left to private enterprise, public analysts to watch over the food, drink, and raiment of the people did not exist. Festeering heaps of refuse might pollute the air, unspeakable privies might spread disease and fill the wells with poison, people might carry on offensive trades, and nobody was offended, dairies were ill-constructed, sewage trickled into rivers and ditches, and carried dire diseases in the stream, the water supply of the people looked after itself.

The houses of the poor in populous places were insanitary, ill-ventilated, and were breeding-places

of corruption--moral and physical. The idea of properly housing the people had not yet dawned upon the public conscience. Highways in the country, and streets in the towns were made upon elementary principles, and toll gates were everywhere. Public lodging-houses were under no supervision, and were the secure resting places of thieves and harlots. No one used to think that it was possible for a local authority to make its own gas, or electric light, or run its own trams, and, certainly, it was never dreamed of that the principal trades of the country could be taught in the popular schools. All these undeniable conditions were largely changed by certain modern statutes, which will be mentioned in their proper place.

**The Parish.** The smallest area of modern local government is the parish. A parish is either rural or urban. A rural parish, as its name implies, is a country parish, but an urban parish is near to a city or town, or is within the limits of a city or town. The parish, whether rural or urban, was exalted into a self-governing area by the Local Government Act, 1894. A parish is "a place for which a separate poor rate is or can be made, or a separate overseer is or can be appointed." It is the rural parish which is the true unit of local government. There must be a parish meeting, and the persons who have the right to attend it are those whose names are to be found upon the registers of ratepayers and parliamentary electors. This meeting elects its own chairman. If there are more than 300 persons living in a parish, they may decide to have a parish council, the parish councillors may be elected at the parish meeting, or by poll of the electors, if there are more candidates than vacancies. Women are eligible to be parish councillors, and councillors, male or female, can be elected even if they live three miles beyond the parish boundaries.

The county council has power to grant a parish council for a parish consisting of less than 300 persons. The parish meeting is held twice a year. It appoints the overseers of the poor, and is responsible for making up the lists of parliamentary and municipal voters, as well as the lists of persons eligible to serve on juries. The property of the parish is vested in the chairman and overseers for the time being, and these persons are a body corporate, and may use a parish seal. Where there is a parish council, the number of councillors vary, fifteen is the maximum, the actual number is fixed by the county council. The parish council may elect committees from its own body to carry out whatever duties are assigned to them. The work actually carried on by parish meetings and parish councils consists of: The acquisition of rights of way, the control of foot-paths, the management of parish property, but not the management of Church property, allotment grounds, parish lighting, baths and wash-houses, burial grounds, public libraries, precautions against fire, representation on the management of the public elementary school.

**Rural Districts.** Rural districts consist of a number of rural parishes which generally, but not always, coincide with the poor law union of parishes. These districts were created by the Local Government Act, 1894. The rural district councillors are elected for three years, women, married or single, are eligible to be councillors. Each councillor represents his parish on the rural district council, and becomes a guardian of the poor for his parish as soon as he

or she is elected as a councillor. The chairman of the rural district council is a justice of the peace for so long as he continues to be chairman. The duties of the rural district council are: The control of sewers and drains within their area, the provision of hospitals for infectious diseases, allotments, housing of the people, water supply, the maintenance of roads, including the main roads which pass through their area, but they look after the main roads on behalf of the county council. The clerk of the rural district council is often a solicitor, the treasurer is generally a bank official, and other important officers are the medical officer, the sanitary inspector, and the surveyor.

**The Urban District.** The urban district council consists of several parishes, or districts, which are of a non-rural character. The urban district of Surliton, in Surrey, will give a good illustration. The urban district is often divided into wards, and each ward elects one or more urban district councillors. The rules under which rural district councillors are elected apply to urban district councillors. Women are eligible, the chairman becomes a justice of the peace. The council must meet once a month, at least, and most of its work is delegated to committees. Both urban and rural district councils may make by-laws. By means of Provisional Orders, the urban district council may erect and maintain gas works, electric light works, tramways, power works, and refuse destructor. The urban district council may also be the authority for public elementary education, as well as for higher or secondary public education. The urban district council may borrow money to carry out its various duties, and fixes the amount of its urban district rate and collects and spends the same.

**The Borough.** The municipal borough is a local authority which derives its powers under an ancient charter or from a special Act of Parliament, or, more commonly nowadays, from the Municipal Corporations Act, 1882. Sometimes the municipal borough is a great city, like Liverpool, and sometimes a small town, whose importance has grown less with the years. Some boroughs are county boroughs, whose status will be explained presently. A borough which is a city is so, either because it is the seat of a bishopric, or because it has become a busy centre, like Leeds, and has been granted the title of city by the Crown. In some cities, both ancient and modern, the chief magistrate is called the lord mayor. Large cities, like Birmingham, have stipendiary magistrates who are barristers, and who perform the same duties as are undertaken by metropolitan police magistrates.

**The Borough Bench.** Some boroughs have a special body of justices of the peace, whose duty is to sit in petty sessions, and carry out summary jurisdiction within and for the borough. A few boroughs are known as quarter session boroughs, the magistrates who form the bench are provided over by a recorder, who is a barrister. The criminal work done at quarter sessions is such work as the justices of the peace cannot deal with, and must be sent by them to the court of quarter sessions, which has the assistance of a petty jury. Sometimes a city or a town is a county of itself, the City of London is a case in point, and has its own sheriff.

**The Town Council.** Each borough possesses a city council, if it is a city, a town council, if it is a town. If a city, the governing body is described as the mayor, aldermen, and citizens; and if a town, as

the mayor, aldermen, and burgesses. No person can be a burgess unless he is enrolled on the burgess roll.

**The Councillor.** A city or town councillor may reside within 15 miles of his borough; he must own real or personal property, or both, to the value of £1,000, or he must be rated to the poor rate on an annual value of £30. If the borough is divided into four or more wards, the councillor must be worth £500 in real or personal property, or both, or must be rated to the poor rate on an annual value of £15. Women are eligible to be borough councillors. The term of office of a borough council is three years, at the end of which term one-third of the total number go out of office, but are eligible for re-election. The aldermen are elected by the council, and the mayor is elected by the council from amongst the aldermen or councillors, or the council may elect a mayor from amongst the burgesses. The mayor may appoint his deputy-mayor from amongst the aldermen or councillors. The officers of the city or borough council are: The town clerk who must not be a member of the council, the deputy-town clerk, the treasurer, and such other officers as the council may think desirable.

**The Council Meetings.** The council must hold four quarterly meetings in each year, the mayor may summon a meeting at any time, and he must call a meeting of the council, if five councillors request him to do so in writing. All questions are decided by a majority of members present and voting, but there must be at least one-third of the council present. If the council desires to make a by-law, two-thirds of the council must be present. The council appoints such committees as may be necessary, for the bulk of the work of the council is done in committee. If any councillor has a pecuniary interest in any matter which is being discussed, he must not take part in the discussion, nor must he vote thereat. The by-laws which the council makes are for the good government of the borough, a copy of them must be fixed on the town hall for forty days, and a copy, sealed with the corporate seal, must be sent to the Secretary of State. After forty days have elapsed, the King, on the advice of his Privy Council, will sanction the by-laws, or disallow them, or some of them. Whoever disobeys a by-law so made and approved is liable to be prosecuted before a bench of magistrates.

**The Accounts.** The accounts of the borough are audited by borough auditors, one of whom is elected by the burgesses, the other by the mayor. The auditor elected by the burgesses must be a burgess, the other must be a member of the council. The treasurer must make up his accounts in the manner and at the times approved by the Ministry of Health, to which body the town clerk must make his annual return of receipts, expenses, liabilities, and loans, in a form to which all town clerks must conform. Every mayor, alderman, councillor, or elective auditor, must accept office if elected, or submit to a heavy fine, but persons permanently disabled in body or mind, or who are above the age of sixty-five years, will be excused.

**Local Government Electors.** By the Representation of the People Act, 1918, the elector's qualification is changed. Both men and women are entitled to vote at local government elections, and the following qualifications are necessary:—

A man must be of full age and subject to no legal incapacity, and

(i) Must on the last day of the qualifying period

be occupying as owner or tenant, land or premises in the electoral area; and

(ii) Must, during the qualifying period, have so occupied, or if area is not an administrative county or county borough he must have occupied throughout the qualifying period in the administrative county or county borough in which the electoral area is wholly or partly situate; provided that

(a) An occupier in virtue of office or service is eligible if the person in whose service he is does not occupy; and

(b) a lodger having unfurnished rooms is an occupier

A woman is entitled as a local government elector (a) where she would be entitled if a man, and (b) where she is the wife of a man entitled if she is 30 years of age and residing with her husband on the premises in respect of which he is entitled to vote.

The qualifying period is from 15th January to the 15th of July in any year or from the 15th of July to the following 15th of January. Two registers per annum are prepared by the registration officer who is the clerk to the council in an administrative county or the town clerk in a borough. A deputy may be appointed to do the work entailed in preparing the register. The Spring register is in force from the 15th of April to the 15th of October, and the Autumn register from 15th of October to the following 15th of April. If anything prevents the preparation of a new register the old one remains in force for the time being, but failure to prepare the register may entail a fine of £100. There is an appeal from the registration officer to the county court, and on a point of law from the county court to the Court of Appeal. The office of revising barrister was abolished by the Act, but a barrister of seven years standing may be appointed as assistant county court judge to hear appeals from the registration officer.

**The Poll.** Every candidate for the office of councillor must be nominated in writing, signed by two burgesses of the borough or ward, and by eight other burgesses assenting thereto. The town clerk supplies the nomination papers, and they must be returned to him duly filled up, seven clear days before the election day. Whoever forges or wilfully destroys or detaches a nomination paper will be liable to imprisonment with hard labour.

**Corporate Buildings.** The mayor, aldermen, and burgesses are a municipal corporation, they possess a common seal with which the acts of the council are authenticated. The borough council may buy or hold land in or out of the borough, on this land they may erect any of the following buildings as required: A town hall, council house, justices' room, police station, cells, quarter sessions house, petty sessions house, assize court house, judges' lodgings, polling stations, or any other buildings required for the purposes of the borough. The borough council has large powers of borrowing, and the security they offer will be their real property, the rates, and their permanent income from every source. The powers as to borrowing, however, and the modes of repayment of loans are all subject to approval by the Ministry of Health.

**Finance.** The following are some of the modes by which a corporation deals with its finances: The creation of a sinking fund, by which loans are eventually paid off, the creation of stock, by means of which the public can invest their money with the corporation and receive dividends in

**return**; the creation of a stock redemption fund, by which the corporation pays back to the public, in a given number of years, all moneys lent to the corporation by the public. All the rules familiar to those who deal in public and private securities apply to corporation stock: Registration, issue of certificates, transfer from one stock-holder to another, dividends. Trustees who have to invest money belonging to others are permitted to invest in corporation stocks, because such stocks are considered to be amongst the safest in existence. One or two instances will suffice: Bristol Corporation 3 per cent. Redeemable Stock, Liverpool Corporation 3 per cent. Redeemable Stock, and 43 per cent. London County Consolidated Stock.

**Income.** The great source of income to a borough is the borough fund, it is made up of rents and profits of corporate land, interest, dividends, market dues, fines, and penalties arising under the Municipal Corporations Act, and the borough rate. The borough rate is fixed in this way: An estimate is made of how much is required to meet the expenses which the borough fund cannot meet. The rate is then levied on every ratepayer in the different parishes in the borough, in the same way as the common fund of a poor law union is raised by the different parishes which form the union. The annual value for rating purposes of each occupier or landholder, which is the basis of the poor rate, is also the basis of the borough rate.

**Counties Corporate.** Counties corporate are certain cities and towns which have been granted the status of counties, with the right to have a sheriff, and such other rights as appertain to counties. These counties of cities and towns are: London, Oxford, Berwick-on-Tweed, Bristol, Canterbury, Chester, Exeter, and York.

**County Boroughs.** County boroughs have a more extended status and right than an ordinary borough. A county borough is a municipal borough, which is independent of the county of which it forms a geographical part. A modern county borough must have more than 50,000 inhabitants; it has most of the rights of a county council, and all the rights and privileges of an ordinary municipal borough.

**Municipal Duties.** The duties of municipal boroughs, whether they are ordinary boroughs, county boroughs, or counties of cities or towns, may now be briefly summarised: The lighting of the borough by gas or electric light, or both; the maintenance and control of the borough police; the provision of public baths and wash-houses; the provision of burial grounds and cemeteries; public libraries; allotment grounds; education, both elementary, technical, and higher; regulation of explosives; maintenance and repair of bridges and streets; housing of the working classes; provision of isolation hospitals; powers of borrowing money for all borough purposes; making by-laws; providing water supply; museums; open spaces; sewerage and drainage; providing inspectors of weights and measures; food and drugs; sanitary and other inspectors, according to the special needs of the borough; the execution of the Public Health Acts; the erection of public works; the provision of tramways; valuation of the borough property; and assessing and collecting the borough rate; the care of pauper inmates; borough markets; street improvements; building regulations; art galleries; and diseases of animals.

**The County Council.** The county council is the largest unit of local government. Each county was

formerly managed by the county justices of the peace, but the Local Government Act of 1888 created county councils. The county council consists of persons elected every three years by the votes of the ratepayers and other parliamentary and municipal voters within the county. The county aldermen are elected for six years, not by the voters, but by the county councillors whom the voters have already elected. The class of person elected to the county councils is much the same as in the old days, and the county justice, if he cares to put up for popular election, is elected as often as not. The county is divided into the administrative county and the county borough. London is a county of itself, and some counties, because of their extent or for some other reason, are divided into two or more administrative counties; Sussex is divided into east and west; consequently there is a county council for East Sussex and a county council for West Sussex. (See COUNTY COUNCIL.)

**Duties of County Councils.** The chief duties are: Control of the rural district councils to a certain extent; the provision and maintenance of county institutions, such as lunatic asylums, county assize courts, county bridges, and main roads. The county council may arrange for some of its duties to be performed by rural and urban district councils, and by borough councils. The consent of the county council is required to some of the acts performed by rural district councils, parish councils, and parish meetings. The county council administers the statutes which deal with allotments, diseases of animals, weights and measures, the public health of the county, the purity of food and drink, reformatory and industrial schools, light railways, and tramways worked by horses, or by steam, or by rail. The county council may promote or oppose Bills in Parliament, create county by-laws, hold and manage county property, levy the county rate, and borrow money for county purposes. Whenever a municipal authority borrows money, it requires the sanction of the Ministry of Health. The county police force is also directed by the county council through a body called the Standing Joint Committee. Public education is in the hands of the county council, whether it be elementary, secondary, or higher, and technical.

The county council meets at least four times a year, but it delegates most of its work to committees. These committees meet very often, and many of them must be appointed in accordance with statute law ordering their creation. Women can serve upon them. The Standing Joint Committee for the control of the police consists of certain members of the county council and certain county justices of the peace. The chief officers of the county council are: The clerk, education secretary, county coroner, county surveyor, county treasurer, public analyst, inspectors of weights and measures, and a county medical officer.

**The London County Council.** The London County Council performs the most extensive duties of any county council, because it has to administer the local government of the largest city in the world. It borrows money from the public by means of its consolidated stock fund; it controls the largest educational area, but it differs from the ordinary county council in not having control of the county police. The metropolitan police are an imperial body of peace officers, at the head of whom is the Home Secretary. The London County Council

exercises a certain measure of control over the metropolitan borough councils.

**The City of London.** The City of London is a county in itself. It has special privileges because of its position, its age, its dignity, and its riches. The lord mayor, the aldermen, and the city councillors are not elected by the ordinary municipal electors, but by the members of the ancient city guilds. The city has its own justice room, its own county court, and a special court, with ancient practice, called the Mayor's Court. The city controls its bridges over the Thames, has its own police, and the recorder of the city wears a red robe and administers criminal justice at the Central Criminal Court, and civil justice in the ancient Mayor's Court.

**The Metropolitan Borough.** The Metropolitan Borough Councils are formed on the model of the mayor and council of an ordinary municipal borough, and much of what has already been said of the constitution and duties of a municipal borough may be said of the boroughs of the metropolis. The mayor of a metropolitan borough is a justice by virtue of his office; he and his council are subject to the Ministry of Health as well as to the county council. The Metropolitan Borough Council administer the Public Health Acts; they are responsible for the streets and highways within their boundaries, they assess and collect their borough rate, they may build houses for the working classes, and they may adopt and administer the Adoptive Acts which have been already referred to in another article.

**The Poor Law.** The administration of the poor law stands by itself; it works side by side with the municipal authority; is in close touch with, but is not part of it, except in the case of rural district councils, where the rural district councillor is also a poor law guardian for his parish. Every parish elects a guardian or guardians, whose duty it is to look after the indigent and sick poor, both old and young. The money required is obtained from the ratepayers of the parish, and is called the poor rate; it is the oldest national rate in the United Kingdom, and forms the basis on which all later parochial rates, including imperial taxes, have been assessed and collected. With the money obtained from the poor rate, the guardians provide workhouses for those who have no homes, outdoor relief for those who do not enter "the House," labour yards and casual wards for able-bodied persons "on the tramp," infirmaries for the sick, schools and apprenticeships for the children. Each parish is grouped with a certain number of other adjoining parishes, and the whole group is called, for instance, the poor law Union of Croydon. The guardians of an urban district are elected especially as guardians and for no other purpose. Women may be guardians.

**The Metropolitan Asylums Board.** Another local government authority is the Metropolitan Asylums Board. This body is composed of certain members of the boards of guardians and of persons nominated by the Ministry of Health. This authority provides asylums for the insane, hospitals for infectious disease, and children's hospitals. These buildings are erected in healthy districts in the home counties, and contain a vast number of inmates.

**The Metropolitan Water Board.** The water supply of the metropolis is no longer in the hands of private competing bodies, but is now managed by the Metropolitan Water Board, which is a public authority, and amenable to public criticism and control. The members of the Water Board consist

of representatives of various public and other bodies, who are nominated for their office under the terms of the statute which created the authority.

**The Ministry of Health.** This department, in 1919, took over all the powers and duties previously exercised by the Local Government Board, including those relating to the control of all local authorities. The Minister himself has considerable authority, and has the last word to say in all matters which relate to the relief of the poor, public health, and the general management of a parish, a district council, a municipal borough, and a county council. The greatest power of the Ministry is wielded in sanctioning or withholding sanction from the borrowing of money for local purposes. Another important duty of the Ministry of Health is that of auditing the local accounts by means of Government auditors. This power does not extend to the accounts of town councils, except the accounts for education, and these are subject to Government audit.

**The Home Secretary.** There are other central authorities which come into touch with local government. The Home Secretary directs the inspectors who administer the Factory Acts; he controls the police forces of the country, indirectly but effectively, for no grant to the local police force is made from the imperial exchequer until the Home Secretary is satisfied that the force is efficient. The Home Secretary also exercises certain control over police by-laws, the burial authorities, employment of children, and reformatory and industrial schools.

**The Board of Education.** The Board of Education is brought into direct contact with local authorities; it controls all public education, which is supported out of the rates and out of the imperial exchequer.

**The Board of Trade.** The Board of Trade sanctions local tramways, gas supply, electric lighting, water supply, and harbour authorities. Whenever any of these enterprises are undertaken by a local authority, such authority is brought into contact with, and is dominated by, the Board of Trade.

**The Board of Agriculture.** The Board of Agriculture directs the action of certain local authorities in connection with the diseases of animals, destructive insects, and public markets.

**LOCAL MARINE BOARDS.** -- Local marine boards are entrusted, subject to the control of the Board of Trade, with carrying into effect the provisions of the Merchant Shipping Act, 1894. These Boards are established at such ports as the Board of Trade determine, and consist of the following members, viz.: (a) the mayor or provost and the stipendiary magistrate, or such of the mayors or provosts and stipendiary magistrates of the place (if more than one) as the Board of Trade appoint; (b) four members appointed by the Board of Trade from among persons residing or having places of business at the port or within 7 miles thereof; (c) six members elected by the owners of such foreign-going ships and home trade passenger ships as are registered at the port. The elections are to be held on January 25th every third year, and the appointments must be made within one month after the elections. Upon the conclusion of that month, and the constitution of a new board, the functions of the then existing Board cease and the new Board takes its place. A casual vacancy is to be filled up within one month after it happens. The mayor or provost must fix the place and mode of conducting elections, and also in the case of casual vacancies, the day of election, and must give

ten days' notice thereof. The Board of Trade may decide any question raised concerning any election.

Owners of foreign-going ships and of home-trade passenger ships registered at the port have votes at the election as follows, viz.: Every registered owner of not less than 250 tons in the whole of such shipping must have at every such election one vote for each member for every 250 tons owned by him, so that his votes for any one member do not exceed ten.

The qualification of electors must be ascertained as follows: (a) In the case of a ship registered in the name of one person that person is to be deemed the owner; (b) in the case of a ship registered in distinct and several shares in the names of more persons than one, the tonnage is to be apportioned among them as nearly as may be in proportion to their respective shares, and each of them is to be deemed the owner of the tonnage so apportioned to him. The chief officer of customs in the port must every third year make out an alphabetical list of persons entitled to vote at the election, containing the name and residence of each such person and the number of votes to which he is entitled, and must sign the list, and cause a sufficient number of copies to be printed, and fixed on or near the doors of the custom-house of the port for two entire weeks next after the list has been made, and must keep two copies of the list, and permit the same to be perused, without payment, at all reasonable hours during those two weeks.

Every male person who is, according to the revised list, entitled to a vote is qualified to be elected a member, and no other person is so qualified; and if any person elected ceases after election to be an owner of such quantity of tonnage as would entitle him to a vote, he must no longer continue to act or be considered a member, and thereupon another member must be elected in his place. A corporation owning a ship is entitled to be registered in like manner as any individual. The vote of such corporation is to be given by some person whom the corporation may appoint in that behalf.

A local marine board may regulate the mode in which their meetings are to be held and their business is to be conducted, including the fixing of a quorum, this to be not less than three. A board must keep minutes of their proceedings in the manner prescribed by the Board of Trade. Any act or proceedings of a local marine board is not vitiated or prejudiced by reason of any irregularity in the election of any of the members, or of any error in the list of voters, or of any irregularity in making or revising the list, or by reason of any person not duly qualified acting on the board. These boards must send such reports and returns to the Board of Trade as it requires, and all the minute books and documents must be open to the inspection of the Board; if they fail to meet or discharge their duties, the Board may take into its own hands, the performance of their duties till the next election, or order a new election to take place at once, and any appointment or arrangements made by such board, if unsatisfactory or improper for the port, may be annulled by the Board of Trade. These boards may appoint a medical inspector of ships and a medical inspector of seamen for the port. They must maintain mercantile marine offices with the requisite buildings and staff. The sanction of the Board of Trade is necessary so far as regards the number of persons to be appointed and the

amount of their salaries and all other expenses. The Board of Trade have the immediate control of every such office as far as regards the receipt and payment of money thereat, and every person appointed to be an officer must give security for the due performance of his duties as the Board of Trade require. The Board of Trade may appoint a mercantile marine office in any seaport home in the port of London, which then becomes subject to the immediate control of the Board, and not that of the local marine board. Mercantile marine offices may also be maintained at such ports where there is no local marine board as the Board of Trade determine; these are subject to the immediate control of the Board, and may be set up at the custom-house in such port, with the consent of the Commissioners of Customs.

It is the general business of superintendents of mercantile marine offices to afford facilities for engaging seamen, by keeping registries of their names and characters, to superintend and facilitate the discharge of seamen, to provide means for securing the presence on board at the proper times of the seamen who are so engaged, to facilitate the making of apprenticeships to the sea service, and to perform such other duties relating to seamen, apprentices, and merchant ships as are committed to them by the Merchant Shipping Act, e.g., transmitting lists of crews to a registrar, receiving official logs, issuing a warrant for apprehending a seaman or apprentice in a fishing-boat, charged with desertion, &c. Any act done before a deputy duly appointed, has the same effect as if done before a superintendent.

The Board of Trade may dispense with the transaction in a mercantile marine office, or before a superintendent, of any matters required by the Merchant Shipping Act to be transacted, and those matters, if otherwise duly transacted are as valid as if they were transacted in such an office or before a superintendent. No fees, except those provided by any Act or authorised by the Board of Trade, may be taken at any mercantile marine office for any business required to be done there.

The Mercantile Marine Fund, referred to in Section 676 of the Merchant Shipping Act, 1894, has been abolished by the Merchant Shipping (Mercantile Marine Fund) Act, 1898 (Sec. 1), and all sums payable under that section are now payable into the Exchequer, viz.: (a) All fees payable for the survey of ships, and for the registration, transfer, and mortgage of British ships; (b) all fees received by the Board of Trade for certificates of competency of officers, survey of ships for the purpose of the Collision Regulations, and for medical inspection of seamen; (c) the proceeds of unclaimed property of deceased seamen; (d) fees paid upon engaging or discharging crews of fishing-boats before a superintendent; (e) fees of receivers of wrecks; (f) sums received by the Board of Trade towards expenses incurred with distressed seamen.

The following expenses, formerly chargeable on the Mercantile Marine Fund (except the expenses incurred by the general lighthouse authorities in the works and services of lighthouses, buoys, or beacons, including those of removing wrecks which are charged on the General Lighthouses Fund), so far as they are not paid by any private person, are now paid out of moneys provided by Parliament, viz.: (a) The salaries and other expenses connected with local marine boards and mercantile marine offices; (b) the salaries of all surveyors of ships and all



expenses connected with the survey and measurement of ships; (c) the superannuation allowances; (d) the expenses paid for the relief of distressed seamen; (e) all expenses of obtaining depositions, reports, and returns respecting wrecks and casualties; (f) expenses incurred in connection with the duties of receivers of wreck; (g) sums payable for the duties performed by the Trinity House in respect of cartage and ballastage in the Thames; (h) expenses of the lifeboat service and for affording assistance towards the preservation of life and property in cases of shipwreck; (i) such reasonable costs, as the Board of Trade may allow, of making known the establishment of, or alteration in, foreign lighthouses, buoys, etc., to persons interested in British ships; and (j) costs and expenses of the Board of Trade under the Boiler Explosives Acts.

**LOGS.** The accounts of the Mercantile Marine Fund, now termed the General Lighthouse Fund, are "public accounts" under the Exchequer and Audit Departments Act, 1866, and as soon as possible after the meeting of Parliament in every year the Board of Trade must cause the accounts for the preceding year to be laid before both Houses of Parliament.

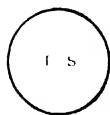
**LOCKAGE.** (1) The locks of a canal. (2) The difference in the levels of a canal. (3) The toll paid for passing through locks.

**LOCK-OUT.**—The act of an employer, or a combination of employers, in refusing to allow their workmen to continue to labour on account of some dispute connected with trade. A lock-out is, in effect, the same as a strike, so far as the stoppage of work is concerned, but the word "strike" is always applied when the workmen come out on their own account, whereas the lock-out is the result of the act of the employers.

**LOCOMOTIVE, LIGHT.**—(See LIGHT LOCOMOTIVE.)

**LOCUM TENENS.**—Latin, "holding a position." A person who acts for another as his deputy or substitute.

**LOCUS SIGILLI.**—Latin, "the place for the seal." When copies of deeds or documents under seal are supplied, the place of the seal is always represented by a circle, in which are the two letters L. S., thus:—



**LOCUST BEANS.**—(See CAROB.)

**LOD.**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK, SWEDEN.)

**LODGER.**—For a definition of a lodger, see the article on DISTRESS.

**LOG BOOK.**—A log book is an official journal or diary of happenings in the course of administration. The best examples are school log books kept to record daily happenings in a public elementary school, and ship's log books. A ship's log book is a sea journal, in which the master of the ship records the speed, course, leeway, direction, and force of the wind, state of the weather, and barometric and thermometric observations. Under the heading "Remarks" are recorded, in the case of vessels with sail power, making, shortening, and trimming sails; and in the case of all ships, employment of crew, times of passing prominent landmarks, altering of course, and any subject of

interest and importance. The deck log book, kept by the officers of the watch, is copied into the ship's log book by the navigating officer, and the latter is an official journal. In steam vessels, a rough and fair engine-room register is kept, giving information with regard to the engines and boilers. All ships in the British mercantile marine (except those employed exclusively in trading between ports on the coasts of Scotland) must keep an official log book in a form approved by the Board of Trade. A mate's log book and engine-room register are not compulsory, but are usually kept. The entries in the official log book must be made as soon as possible after the events to which they refer, and dated both with the date of the occurrence and the date of the entry, and it they happen before the arrival of the ship at her final port of discharge, not later than twenty-four hours after that time, and they must be signed by the master and mate, or some other of the crew. If they relate to illness, injury, or death, they must also be signed by the doctor on board, if any; if they relate to wages, etc., due to a seaman who dies, by the mate and one of the crew, as well as the master. Every entry so made is admissible in evidence. The following matters must be entered in the official log book: (1) Offences, such as desertion, which it is intended to punish by fine, and any discharging of a seaman; (2) marriages which are celebrated on board, with the names and ages of the parties; (3) the wages owing to any seaman who enters the Royal Navy during the voyage, or is discharged abroad, and any fine deducted therefrom, authenticated by the proper officer; (4) the wages due to any seaman or apprentice dying during the voyage, and the prices realised by the sale of each article of his effects; a statement of the wages and effects of a seaman left behind one of the British Isles; (5) the occasions on which boat drill is practised, and the life-saving appliances on board examined; (6) collisions with other ships; (7) the refusal of a seaman or apprentice to take the anti-scorbutics when served out; (8) complaints by the crew of the provisions and the result of the examination by the proper officers; (9) all orders made by any naval court are, whenever practicable, to be entered and signed by the president. Wilful destruction or mutilation of an entry, or making a false entry, or an omission from an official log, is a misdemeanour.

The master of every foreign-going ship must, within forty-eight hours after the ship's arrival at her final port of destination in the United Kingdom, or upon the discharge of the crew, whichever first happens, deliver the official log book of the voyage to the superintendent before whom the crew is discharged. The master or owner of every home-trade ship for which an official log is required to be kept must, within twenty-one days of June 3rd and December 31st in every year, transmit or deliver the official log book for the preceding half-year to some superintendent in the United Kingdom. Ships belonging to general lighthouse authorities and pleasure yachts are exempted from the provisions relating to official log books. It is not clear whether under Sections 239 (6) and 240 of the Merchant Shipping Act, 1894, the official log is admissible in evidence in collision actions. The ship's log is not, though the mate who wrote it is dead, but both these documents often afford valuable evidence against the ship. Copies of entries in the official journals kept by coastguard men, and copies of entries in lighthouse and lightship logs relating to

the weather, are usually admitted upon production of an affidavit by the proper officer.

**LOGWOOD.**—A red dye-wood obtained from the *Hæmatoxylon campechianum* of Central America and the West Indies. The timber is hard, durable, and close grained, and is exported from Jamaica and Honduras in logs, which are cut into chips and ground. The hæmatoxyl or colouring matter is obtained by immersion in hot water, and is used for dyeing purposes, for calico printing, and in the preparation of black and red inks. It has also medicinal value as an astringent. Logwood was originally exported from Campeachy in Yucatan, hence the name Campeachy wood.

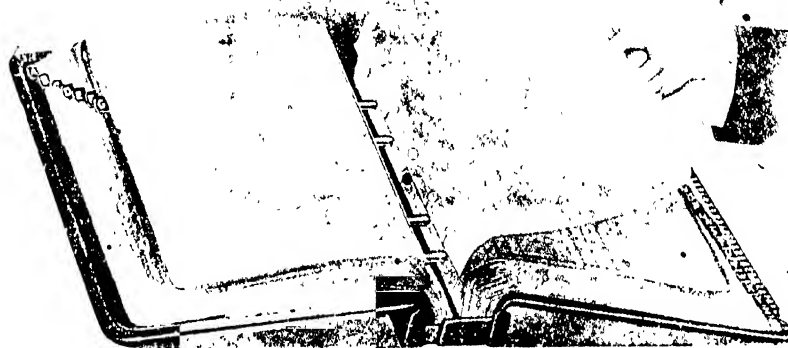
**LONG.** This is an American term, which is equivalent to the English market expression "bull" (*q.v.*). Instead of calling a person who holds stock for a time a "bull," the Americans speak of him as a person who is "long in stock."

**LONGAN.**—The Oriental *Nephthum Longanum* valuable for its fruit, which is used in making preserves. China exports the dried fruit.

three months (or a bill for any other long currency, as specially quoted) drawn upon another country may be bought. Most of the foreign exchanges are quoted in terms of the long rate, but a foreign banker in London would, if desired, quote the "short rate" (for drafts up to eight or ten days' currency) or the "cheque rate" (for sight drafts) on any of the principal foreign centres. The long rate is based upon the cheque rate (or sight rate, as it is sometimes called), taking into consideration the rate of interest current in the country on which the bill is drawn, and the state of credit. (See **CHEQUE RATE, COURSE OF EXCHANGE, SHORT RATE.**)

**LONG VACATION.** (See **LAW Sittings.**)

**LOOSE-LEAF BOOKS.**—These are books which, in contradistinction to the ordinary bound books, have their leaves readily removable and consequently renewable, and the various methods adopted for binding or holding together the loose sheets in the case or cover which is used, display considerable ingenuity. Many binders upon the market securely fasten the leaves, and some are



Loose-Leaf Ledger.

**LONG BILLS.**—These are bills of exchange that have a long currency or long time to run before maturity, such as those drawn at two months and upwards.

**LONG DATED BILL.**—Sometimes also called "long dated paper." It is generally used to denote a bill which has more than three months to run.

**LONG DOZEN.**—Thirteen articles counted as twelve. This is a method of counting which is adopted by certain trades, *e.g.* bakers and publishers.

**LONG FIRM.** This is the name which is commonly given to a very prevalent method of swindling, whereby two or more individuals combine to defraud tradesmen of goods, under the guise of trading. A sham business is established, orders are given, false references supplied, etc., and the culprits having gained possession of various kinds of goods, dispose of the same and retain the proceeds, no attempt being made to pay the tradesmen who have been victimised. (See **CONSPIRACY.**)

**LONG RATE.**—This is a term which is used in connection with the foreign exchanges, and signifies the price in the country at which a bill at two or

fitted with locks to prevent their removal by unauthorized persons. This class of book is extensively adopted, and its use has certainly many advantages, as against the necessarily restricted facilities possible by the use of ordinary books, among which may be mentioned the elimination of "dead" or "non current" matter and greater facility in handling, the loose-leaf books affording a great amount of elasticity for building up or reducing as may be necessary and permitting, under proper supervision and care, the distribution of the work. Probably the commonest form of this class of book found in commercial houses is the loose leaf or perpetual ledger, which is a comparatively recent innovation and which has, in many of our largest and most progressive business houses, superseded the ordinary bound ledger. The ledger in this form particularly adapts itself to the usual advantages of loose-leaf books, and in addition, in view of the fact that it is the most used book in a counting house, readily lends itself to others. For example, the indexing is made simpler by the interspersing of index sheets, thus dividing the book into sections, and the accounts may always be numbered the same, and thus the firm dealt with

may carry a permanent number which may be used in connection with all matters relating to it, as for filing reference for correspondence, orders, and other documents. The ledger being always "current" only, much time is saved which would otherwise be lost in transferring and opening accounts in new books, and the full sheets of the account of a firm are usually transferred to a separate binder file and so easily followed for long periods. The disadvantages of loose leaf books are that sheets may be lost or misplaced, and may be more easily removed, destroyed or substituted than in the case of bound books. These matters, however, may be safeguarded against by allowing only responsible persons to insert or to remove sheets, and by keeping careful record of sheets given out and returned. The ledgers are usually specially provided with one or more good locks, and the possibility of the removal of sheets by unauthorised persons thereby minimised.

The latest phase in loose leaf book keeping is that known as "machine book keeping." The ledger accounts are filed in loose leaf binders in the order best suited to the business, and the ledger entries, customer's statement, and a tally roll are made at one operation by specially constructed typewriters.

An illustration of a loose leaf ledger is given on the previous page.

**LORD.** (See FOREIGN RIGHTS AND MEASURES, HOLLAND.)

**LORD ADVOCATE.** (See ADVOCATE, LORD.)

**LORD CAMPBELL'S ACT.**—This Act was passed in 1846 to remedy the old common law rule under which an action in tort could not be maintained if either the plaintiff or the defendant died before the cause was tried. (See ACTIO PERSONARUM MORITUR CUM PERSONA.)

**LORD CHANCELLOR.**—More properly known as the Lord High Chancellor of Great Britain and Ireland has a Lord Chancellor of its own. This great officer is the chief poet of the realm acting as Speaker of the House of Lords; he is also the head of the English judiciary, and is responsible for the appointment of all the judges of the High Court, all the judges of the county courts (except those which fall within the jurisdiction of the Duchy of Lancaster), and all justices of the peace. The appointment of recorders and stipendiary and police court magistrates rests with the Home Secretary.

Unlike the Lord Chief Justice, he only holds office so long as the Government of which he is a member remains in power. The salary attached to the office is £10,000 a year, and a pension of £5,000 a year is payable to any ex-chancellor, no matter how short a time he has held the Chancellorship.

It is unnecessary to say anything as to his Parliamentary duties or his enormous patronage. As far as the law is concerned, he is the head of the Chancery Division of the High Court; he presides over the House of Lords and the Privy Council in the exercise of their judicial functions; he is an *ex-officio* member of the Court of Appeal; he is the guardian of wards in Chancery; and all writs issued out of the High Court are tested in his name, though, if there is a vacancy in the office, his place is taken, so far as this matter is concerned, by the Lord Chief Justice.

**LORD CHIEF JUSTICE.**—The head of the Common Law Side of the High Court of Justice (*q.v.*), in whose person are now merged the former headships of the Exchequer, Common Pleas, and Queen's

Bench Division. The office is held for life, the only ground for removal being an address to the Crown by both Houses of Parliament. The salary attached to the position is £8,000 a year. He is *ex-officio* a member of the Court of Appeal; he must preside over the Court of Criminal Appeal, unless there is good reason to the contrary; and he is the temporary head of the whole judiciary during any vacancy in the Lord Chancellorship.

**LORD JUSTICE.**—The name applied to each of the five judges who sit along with the Master of the Rolls in the Court of Appeal. These judges are generally selected, when vacancies occur, from amongst the most eminent of the judges of the King's Bench Division and the Chancery Division, it being the recognised principle that as far as possible the six regular judges shall be taken half from each Division. The salary attached to the office is £6,000 a year. (See APPEAL, HIGH COURT.)

**LORD MAYOR.**—Although this title is now conferred upon certain mayors of other towns in England and Ireland (see ADDRESS, FORMS *et c.*), the name is most closely connected with the chief magistrate of the City of London. It is only necessary to notice here his administrative and judicial capacities. In the former, he is at the head of the City Council. In the latter, he is the president of the Central Criminal Court (*q.v.*) and the Mayor's Court (*q.v.*), though the judicial functions, civil and criminal, are carried out by specially appointed judges. He also presides very frequently during his year of office, as a justice of the peace at the Mansion House.

**LOST BANK NOTE.**—When a bank note has been lost, the loser cannot obtain payment for the amount of the note from the banker who issued it unless he is able to supply full particulars as to the same, and especially its number, and also gives to the banker a satisfactory indemnity undertaking to refund the amount if the note is found and subsequently negotiated by some other person who has a right to demand payment from the banker.

As a bank note is a negotiable instrument, a banker issuing it cannot refuse payment to a person who is a *bona fide* holder. The true owner may give notice to the banker, and may "stop" it, to use a common expression; but this has no further effect than this: it puts the banker on inquiry. If the holder can give a satisfactory explanation as to his possession of the note, the banker cannot refuse payment. The true owner must bear the loss, and indemnify the banker if he himself has obtained payment as indicated above.

The finder of a bank note has a right to retain it against every person except the true owner. And if the finder transfers the note for value to a third person, the transferee has a perfect right to retain it, even against the true owner.

If payment of an account is made by a bank note through the medium of the post, and the note is lost in transmission, it will depend upon the circumstances of the case as to whether the person who sends or the person to whom it has been sent must bear the loss, for, as has been just pointed out, a *bona fide* holder is entitled to retain it if it has come into his possession. If it has been the ordinary course of business to send moneys in the shape of bank notes through the post, and if the person to whom the note is sent has requested payment to be made to him through the post, the person to whom the letter was addressed must bear the loss, as the post is his agent. But if, on the

other hand, the sender has used the post without instructions, he has adopted this method contrary to the usual course of business between the parties, the post is the agent of the sender, and the sender is the person who has to bear the loss.

There is a difference between notes found on private property and in a public building. When a note is found in a private building, it should remain in the possession of the owner of the place, and cannot be retained by a stranger who may have found it. But where a note is found on a shop floor (a public building) by a person entering the shop, and the owner cannot be found, the person finding the note, and not the owner of the shop, is entitled to it, and he has a right to retain it against everyone but the true owner. A bank note found on the customer's side of a bank counter would, in the event of no one claiming it, belong to the holder.

The true legal position, according to the best authorities, seems to be that if the holder believes at the time of finding a bank note that the owner cannot be found, he is not guilty of larceny, although he takes the note intending to deprive the owner of it, and, although he afterwards has means of finding the owner, and, nevertheless, retains the property for his own use. The remedy of the owner of the note is a civil one. But if he has the intention of keeping the note for himself in any event at the moment of finding, he is guilty of larceny.

**LOST BILLS AND CHEQUES.** By reference to the article on **FORGED BANK NOTES**, it will be seen that the person who loses a bank note will be almost invariably a total loser, unless it is clearly proved that the holder is the actual person who has found it. Of course, if the bank note is absolutely not and never found by anyone, the position is not so bad. The loser will give the banker an indemnity, and if the note never turns up, no one suffers at all.

With regard to bills and cheques, however, the position is not quite so serious to the loser, and if proper precautions are taken the position of the loser may be made so secure that he cannot be ultimately damaged in any way.

As to a lost bill of exchange, see **COMMERCIAL**, Sections 69 and 70 of the Bill of Exchange Act of 1882 require notice. They are as follows:—

69. Where a bill has been lost before it is overdue, the person who was the holder of it may apply to the drawer to give him another bill of the same tenor, giving security to the drawer if required to indemnify him against all persons whatever in case the bill alleged to have been lost shall be found again.

"If the drawer on request as aforesaid refuses to give such duplicate bill, he may be compelled to do so."

70. In any action or proceeding upon a bill, the court or a judge may order that the loss of the instrument shall not be set up, provided an indemnity be given to the satisfaction of the court or judge against the claims of any other person upon the instrument in question."

Again, by Section 51 (s. 8):—

"Where a bill is lost or destroyed, or is wrongly detained from the person entitled to hold it, protest may be made on a copy or written particulars thereof."

If, then, a bill is lost, the true owner is not

necessarily a loser. He is not precluded from setting up his right, but as a bill is a negotiable instrument, other parties must be indemnified in case the document turns up. No difficulty can ever arise if the bill falls into the hands of honest persons. If it does not do so, its career can generally be traced, and a lack of *bona fides* will place the holder at any particular time in a difficult position. Again, if a bill is drawn or indorsed payable to order, and not to bearer, it cannot be transferred without indorsement, and if the indorsement is forged (see **FORGED INDORSEMENTS**) no title can be made to it, even though it is passed along innocently to another party other than the holder. If, again, it is marked "not negotiable," no holder can obtain a right to retain it against the true owner.

Where a cheque has been lost, the loser of it should at once request the drawer to give notice to the banker on whom it is drawn to stop payment, and the banker should notify any branches where it might be presented, of the loss. If a banker pays a bill or cheque when he has received instructions from the drawer not to do so, he is liable to lose the money, for he cannot debit the amount to his customer's account.

Where a cheque has been lost and a necessary indorsement has been forged, an innocent holder for value has no recourse against the drawer. The true owner can demand payment from the drawer. If the holder has obtained payment from the drawer, he is liable to the true owner.

If the cheque was payable to bearer, either indorsed or crossed without the words "not negotiable," an innocent holder for value can enforce payment of it from the drawer. The loser of the cheque must suffer the loss.

Where the cheque was duly indorsed before being lost and was not "not negotiable," a subsequent holder for value without knowledge that it had been lost can sue the drawer and indorsers.

Where a banker pays a cheque with a forged indorsement, see **COLLECTING BANKER, PAYING BANKER**.

**LOST PROPERTY.** Unless a person has relinquished all right of property in his goods, he does not lose the same by merely losing the goods. Although possession has gone, ownership has not been parted with, and the owner can at any time retake or reclaim his goods if he can discover their whereabouts. The oft-used maxim "Finding is keeping" is only correct in a very qualified sense. It is accurate if no other person claims any right in the goods found, but not if the true owner is known or can be discovered, for then the finder has no right to retain the goods as against the true owner, although he can do so as against all other persons. If a person finds goods and immediately resolves to appropriate them, without making any attempt to find the owner, he may be guilty of larceny (*q.v.*) and prosecuted for stealing. If, however, the resolution to appropriate is made subsequently to the finding, the goods can be reclaimed from him by an action in detinue (*q.v.*) (See **FINDING**).

**LOT.** (See **FOREIGN WEIGHTS AND MEASURES**, **SWEDEN**.)

**LOT MONEY.** The charge made by an auctioneer for each lot of goods sold by him at a public auction.

**LOTS.** Goods arranged in separate portions or parcels for sale by auction.

**LOTTERY.**—A lottery is a drawing of prizes by lot. Lotteries are, at present, quite illegal in the United Kingdom. Practically every foreign country raises money for its purposes, whether for charitable objects or otherwise, by means of lottery bonds, and these are dealt with on all foreign exchanges exactly like industrial and commercial bonds.

**LOTL.**—(See FOREIGN WEIGHTS AND MEASURES.—RUSSIA.)

**LUCIFER MATCHES.**—(See MATCHES.)

**LUGGAGE.**—Carriers of passengers are bound to receive and to take care of the usual luggage which it is customary to allow every passenger to carry for the journey, although they receive no specific compensation therefor, but simply receive their fare for the conveyance of the passenger. A passenger carrier has a lien upon the luggage of the passenger for his fare, but not a lien on the person of the passenger, or the clothes he has on. The driver of every hackney carriage is bound to carry in or upon it a reasonable quantity of luggage for every person hiring it. If any luggage is carried outside the hackney carriage, the driver is entitled to an extra payment for every package carried outside, whatever may be the number of passengers carried.

It has been a matter of considerable discussion whether the usual baggage taken with them by persons in travelling on stage-coaches, railways, and steamboats, &c., is to be regarded as in the custody of the proprietors of those conveyances in the character of common carriers. It has always been agreed on all hands that the proprietors do not warrant, in that character, the safety of the persons of the passengers, though they are responsible for due care in respect to that, but the doctrine is now firmly established, in both England and America, that the responsibility of coach proprietors, carrying passengers with their luggage, stands, as to their luggage, upon the ordinary footing of common carriers. They are responsible for the safety of such luggage and for proper care thereof, because it constitutes part of the service for which the fare is paid, and the passengers are thereby induced to travel in the coach, and the custody of the luggage may be properly deemed an accessory to the principal contract. The arrival with the luggage in safety at the place of destination will not discharge the carrier until its delivery to the owner; although, unless demanded in a reasonable time, the liability of the carrier, in his strict character of a common carrier, will not continue. No passenger is required, however, to endanger his safety in the attempt to designate and claim his luggage, but if the delivery is made in conformity to a usage, so well established and notorious that it is to be presumed that the owner had knowledge of it, the carrier will be discharged. The implied undertaking of the proprietors of stage-coaches, railroads, and steamboats, to carry in safety the luggage of passengers is not unlimited, and cannot be extended beyond ordinary luggage, or such luggage as a traveller usually carries with him for his personal convenience. It is never admitted to include merchandise, and it has been expressly held that, although the owners of steamboats are liable as common carriers for the luggage of the passengers, that is, for such articles of necessity and personal convenience as are usually carried by passengers, they were not liable for the loss of a trunk containing valuable merchandise and nothing else, which trunk was lost after being taken on board the steamboat and deposited with the ordinary luggage

Those articles only which travellers usually carry with them as part of their luggage come within the definition of ordinary or personal luggage, which a railway company is bound to carry with a passenger free of charge. A railway company refused to carry a spring horse for a child to ride on, weighing 78 lbs., and measuring 44 in. in length, tendered to them by a passenger, who was entitled to take with him 112 lbs. weight of ordinary or personal luggage, and it was held that the spring horse was not ordinary or personal luggage, and the company were justified in refusing to carry it free of charge. Whatever the passenger takes with him for his personal use or convenience, according to the habits or wants of the particular class to which he belongs, either with reference to the immediate necessities, or to the ultimate purpose of the journey, is to be considered as personal luggage. Pencil sketches of an artist, placed in his portmanteau, do not form part of his ordinary luggage, so as to entitle them to be conveyed free of charge. A railway company's Act enabled every passenger to take with him his articles of clothing not exceeding a specified weight and dimensions, and absolved the company from all liability or responsibility for the safe carriage of articles so carried. By one of their published regulations the company required passengers, after taking their tickets, to claim their luggage on the platform, and to see it marked with the company's labels, and declared that no luggage would be placed in the train until it was so marked, and that they would not be responsible for any article of luggage that was not so marked. It was held that the company could not refuse to place in their van and convey as passenger's luggage a package brought by a passenger, and made up in a railway wrapper or horse rug, on the ground that it consisted of articles of clothing, nor could they oblige the passenger to take it along with him in the carriage in which he sat, so as to throw on him the responsibility of its safe carriage. A railway company is not liable for the loss of merchandise delivered to it by a passenger as his personal luggage, without notice that the luggage contained merchandise. The rule that each passenger by a third class Parliamentary train may carry with him 56 lbs. weight of luggage permits a husband and wife travelling together to take 112 lbs. weight of luggage between them. Ordinary luggage for which a railway company is responsible does not include title deeds belonging to a client, which a solicitor is carrying with him in his bag or portmanteau for the purpose of producing at a trial, or bank-notes (to a considerable amount) carried by him for the purpose of meeting the contingencies or exigencies of the case. A servant travelling with his master on a railway may have an action in his own name against the company for the loss of his luggage, although the master took and paid for his ticket. The liability of the company in such a case is independent of the contract, but the owner of a portmanteau who allows his servant to carry it by train as his own personal luggage, the servant taking and paying for his ticket, and the owner travelling by a later train, cannot maintain an action against the company for the loss of the portmanteau. Where part of the ordinary luggage of a servant which he is taking with him as a passenger by a railway is the property of his master, and it is injured whilst in the custody of the railway company by their misfeasance—as by being negligently overturned in front of a train—

the master can maintain an action of tort against the company for the amount of the damage, notwithstanding that the contract of carriage is with the servant alone. Where a servant is a passenger by a railway that is bound to carry the ordinary luggage of a passenger free of charge, his luggage is such luggage, although it is the property of his master. "Public baggage stores and arms," etc., sent by railway, in charge of any of His Majesty's forces, specified in 7 and 8 Vict. c. 85, Sec. 12, is "then baggage," no matter what may be the disproportion between the amount of baggage and the number of forces in charge of it, and must be carried by a railway company at the rates imposed by that section.

If a railway company permits a passenger, either on payment or without payment of an extra charge, to take more than the regulated quantity of luggage, or knowingly permits him to take, as personal luggage, articles that would not come under that denomination, they will be liable for their loss, though not arising from their negligence. The defendant company by their time table offered to allow common travellers to take with them by passenger train, free of charge, a certain amount of luggage which was not ordinary passenger's luggage, "on the condition that the company is relieved from all liability for loss, damage, misdelivery, or delay." The plaintiffs, who were commercial travellers, in pursuance of this offer, but without signing any special contract to that effect, took with them on a journey by the defendant company's line a case of supplies, which was lost on the journey by the negligence of the company's servants. It was held that as no special contract had been signed by the plaintiffs, the provision of Section 7 of the Railway and Canal Traffic Act, 1854, applied, and the condition being thereby made null and void, the defendant company were liable for the loss of the supplies.

**Receiving Luggage.** When a porter receives luggage at the entrance of a station for the purpose of labelling it and putting it in a train, he receives it as agent of the company, and the company are liable for its safety, although the passenger has not taken a ticket. A passenger having missed his intended train, left his luggage on the platform in charge of a porter, saying that he would travel by the next train. This train was timed not to start for an hour. He left the station and went into the billiard room of a hotel for that interval. His luggage was afterwards missed. It was held that luggage so left was not taken charge of by the porter on behalf of the company for carriage, but was watched by the porter on his own responsibility. It would seem that the company would have been liable if the plaintiff had only gone to some other part of the same station for a purpose strictly necessary to travelling (such as to take a ticket) and for a brief period. When a passenger's luggage is at its nearest placed by the company's servants in the carriage in which he is travelling, the contract to carry it safely is subject to an implied condition that the passenger takes ordinary care of it, and if his negligence causes its loss the company is not responsible. If a railway company place luggage in the carriage with the passenger without having been requested so to do by the passenger, they will not be absolved from their liability as insurers of such luggage, and they have no right to compel the passenger to take it in the carriage with him at his own risk. "Passengers' luggage is within Section 7

of the Railway and Canal Traffic Act, 1854, and, therefore, railway companies are liable for loss or injury to such luggage in the receiving, forwarding, or delivering thereof, occasioned by the neglect of such companies or their servants, notwithstanding any notice or condition made and given by them in anywise limiting such liability.

A railway company is bound on the arrival of a train at the terminus of the journey to deliver a passenger's luggage into a carriage to be conveyed from the station, it required so to do, and it is their usual practice. A passenger brought with him into the carriage a carpet bag containing a large sum of money and kept it in his possession until the arrival of the train at the London terminus. On alighting from the carriage with the bag in his hand, he permitted a porter of the company to take it from him for the purpose of securing for him a cab. The porter, having obtained a cab (within the station), placed the carpet bag on the footboard thereof, and then returned to the platform to get some other luggage belonging to the passenger, when the cab disappeared, and the carpet bag and its contents were lost. It was held that this was a loss by negligence of the company for which the company was responsible in damages. It is the duty of a railway company with regard to the luggage of a passenger, which travels by the same train with him, but not under his control, when it has reached its destination to have it ready for delivery upon the platform at the usual place of delivery until the owner, in the exercise of due diligence, can receive it, and the liability of the company does not cease until a reasonable time has been allowed to the owner to do so.

**Luggage in Cloak-room.** A railway company is only liable as ordinary warehousemen for luggage left at a cloak room, but a railway company is not bound to receive luggage into its warehouse upon the ordinary liability of warehousemen, and companies usually further limit their liabilities by conditions printed on the ticket given to the depositor at the time. If a cloak room ticket lies on the face of it a plain and unequivocal reference to the conditions printed on the back, the person taking such ticket is bound by the conditions, whether he has made himself acquainted with them or not. When a person delivers a parcel at the cloak room of a railway company, and receives a ticket with conditions on the back limiting the company's liability, he is not bound if he does not know there is writing on the ticket, but if he knows there is writing containing conditions he is bound, if he knows there is writing, but does not know it contains conditions, he is bound if, in the opinion of the jury, reasonable notice is given that it contains conditions.

A cloak room is a "reasonable facility" for the receipt and forwarding of traffic which railway companies are bound to afford under Section 2 of the Railway and Canal Traffic Act, 1854. Consequently goods received by a railway company in a cloak room are received by them as common carriers, and not as warehousemen, and may, therefore, be retained by them even as against the real owner until the lien upon them for charges has been discharged.

**LUMBER.** The usual American term for timber.

**LUMBERERS.** Men employed in felling timber and burning it from the forests.

**LUMBERING.** The business of a lumberer.

**LUMINOUS PAINT.**—A powder consisting of calcium sulphide or some similar substance ground

up with a colourless varnish and used as paint. The luminous paint known as Bologna phosphorus was composed of barium sulphide. The name is due to the phosphorescent effect produced by this sort of paint.

**LUNACY.**—The statute law relating to lunacy is contained in the Lunacy Act, 1890. This is one of the longest statutes of modern times, and consolidates the general law on the subject. It was amended in 1891 and again in 1908. The law relating to criminal lunatics and to idiots is to be found in other statutes, which will be referred to in the course of this article.

**The Reception Order.** No person may be detained as a lunatic in an institution for lunatics unless under a reception order. A person desiring a reception order must present a petition to a stipendiary magistrate, or to a justice of the peace, or to a county court judge. The Act prescribes the form of the petition. Two medical certificates must accompany the petition; they must be signed by two registered medical practitioners, who must each independently examine the patient. The petition must be presented by a husband, a wife, a relative, or by another person. The person presenting the petition must be twenty-one years old, and must have seen the alleged lunatic within fourteen days, and the petitioner must undertake to visit the patient at least once every six months.

When a petition is presented, the judge or magistrate may decide whether he shall personally see the alleged lunatic. The petition must be considered in private and the following parties must be present: A person appointed by the alleged lunatic, the persons signing the medical certificates, the petitioner, the alleged lunatic, unless the judge or magistrate otherwise orders. All the persons present at the hearing of the petition shall be bound to keep secret all matters and documents coming to their knowledge, except when required to divulge the same by lawful authority.

**Visitation.** If a lunatic has been received as a private patient under the order of a judicial authority, he has the right to be seen or visited by a judicial authority, if he has not already been so seen or visited. A medical officer may certify that it will be prejudicial for the lunatic to be visited by a judicial authority. On the other hand, if the lunatic, or his attendant on his behalf, desires it, the superintendent of the asylum or private home must at once inform the patient of his right of being seen, and the patient must sign a form giving notice of his desire to have a personal interview. Justices of counties and quarter sessions boroughs must annually appoint out of their own body as many fit and proper persons as are deemed necessary for the making of reception orders for lunatics. Urgency orders may be made where necessary; the order must be signed by the husband or the wife, or by a relative of the alleged lunatic, and must be accompanied by one medical certificate. The person who signs the urgency order must be twenty-one years old.

"A lunatic so found by inquisition" means a person who has been seen by a magistrate, or a county court judge, and who has been certified to be insane by two registered medical practitioners. Such lunatic may be received in an institution for lunatics upon an order signed by the person who has charge of the lunatic. The person who has charge of the lunatic is called his committee.

**Persons not Under Proper Control.** In the case

of persons deemed lunatics who are not under proper care and control, or are cruelly treated or neglected, the following must be done: Constables, relieving officers, and overseers must give notice of the fact within three days to a judicial authority. The justice or county court judge may then visit the alleged lunatic, have him medically examined, and make an order ordering him to be received as a lunatic.

**Pauper Lunatics.** The following is the procedure with pauper lunatics: When the medical officer of a poor law union considers that a person is a pauper lunatic and ought to be sent to an asylum, he must, within three days, give notice to the relieving officer or the overseer, the relieving officer or overseer must notify the magistrate who is chosen to deal with such cases, the magistrate then orders that the alleged lunatic is to be brought before him.

Any person found wandering at large, whether a pauper or not, must be apprehended and taken before a justice. The justice will make the necessary enquiries as above described, and will order the person in question to be detained in an institution for lunatics. A justice may examine the alleged pauper lunatic, or lunatic not a pauper, at his own house. A pauper lunatic is one who is either in receipt of relief or is in such circumstances as to require relief for his proper care. The pauper lunatic then becomes chargeable to his county, union, or borough. In urgent cases, for the public safety and for the welfare of the alleged lunatic, the alleged lunatic may be removed to the workhouse forthwith until his case may be properly enquired into and disposed of. A relative or friend may take charge of the lunatic if the justice approves.

**Lunatics in Workhouses.** No person may remain in a workhouse as a lunatic unless the medical officer certifies that such person is a lunatic, that it is right for that person to remain in the workhouse, and that the accommodation is sufficient for his proper care and treatment. No such person may be kept in a workhouse for more than fourteen days against his will without the order of a justice. Chronic but harmless lunatics may be kept in the workhouse by consent of the Ministry of Health and the Lunacy Commissioners.

**Duration of the Reception Order.** The following persons may not sign the certificate which accompanies the reception order: The manager of the institution which is to receive the patient, a person interested in the payments made for the patient, a regular medical practitioner of the institution, or any relative of such persons, nor any member of the managing committee of the institution. A reception order for a lunatic shall remain in force for one year, afterwards for two years, then for three years, and afterwards for every five years. At the end of each of these periods the medical officer must send a report to the Lunacy Commissioners stating the condition of the patient. Reports on private patients must also be sent to the Commissioners, and to the clerk of the visitors of houses licensed by justices at the end of one month after the reception of the patient. The Commissioners may order the discharge of any patient if the circumstances so warrant.

**Rodily Restraint.** No mechanical or bodily restraint shall be applied to a lunatic, unless upon a medical certificate. A record of such restraint shall be kept daily, and a copy sent to the Commissioners. Any letter written by a patient and

addressed to the Lord Chancellor, or to a lunacy judge, or to a Secretary of State, or to a Commissioner, or to any visitor, must be forwarded unopened to its destination. Notices must be posted in each institution informing patients that they possess this right.

**Duties of Medical Men.** The following rules apply to medical men: The medical man who signs the certificate under which a private patient is detained must not be the person having medical charge of the patient when detained; every single patient shall be visited at least once a fortnight by a medical man who must not directly or indirectly derive profit from charge of the patient. These rules do not apply to lunatics who have been certified to be lunatics after formal enquiry (inquisition). A single patient is one who is the only patient in a house. Friends and relations may visit patients upon obtaining an order from a Lunacy Commissioner. Any person, whether a relative or a friend, may apply to the Commissioners with a view to having the lunatic discharged as cured, after the patient has been duly examined and certified by two medical men.

**Property of Lunatics.** The Lord Chancellor may order that an inquiry be made of the nature and extent of the property of a lunatic. If a person desires to find where a lunatic is detained, he may apply to a Commissioner to have the register searched; the fee for the search must not exceed 7s.

**Diet and Oversight.** The diet of the lunatic is regulated by the Commissioners. Males must not be employed to take charge of or to restrain female patients, except in case of emergency. The diet of pauper lunatics is under the charge of the guardians, subject to the control of the Commissioners. Patients in an asylum may be absent on trial for the benefit of his or her health, subject to obtaining the proper permits. Single patients in a private house may be removed to another house anywhere in England after due notice given and consents obtained. Pauper lunatics may be boarded out with relatives, and an allowance for their keep will be made by the guardians.

**Removal of Lunatics.** Lunatics may be removed by the person authorised to discharge the patient and by the Commissioners. The removal may be from an institution for lunatics, from a private house, from a workhouse, or from a hospital. The patient is by this removal either discharged or removed to a more suitable place as the Commissioners may direct. Removals or discharges are only permitted after careful enquiry and the grant of certificates. A foreign lunatic in this country may be removed to his own country, if such removal is for his benefit. The removal is made by warrant of a Secretary of State.

**Discharge of Lunatics.** Lunatics are discharged from detention at the request, in writing, of the person who petitioned for the reception order, or by the Commissioners, or by the guardians of the poor, in the case of a pauper lunatic, or by any three asylum visitors. But no dangerous lunatic, or one not fit to be at large will be discharged. Lunatics in licensed houses may be discharged by two visitors, one of whom must be a medical man. When a lunatic has recovered whilst under detention, the manager of the hospital or licensed house must inform the friends or representatives of the lunatic, and, in the case of a pauper, the guardians must be informed.

**Escape.** If a lunatic escapes, he may be retaken

by the manager of the institution, or by the workhouse master, or by the person in whose charge he was, if a single patient. If the lunatic escapes into Scotland or Ireland, or *vice versa*, information must be given to the lunacy authorities, who will obtain a warrant for his recapture.

**The Inquisition.** The judicial inquisition as to lunacy is as follows: Application is made to a Judge in Lunacy to direct an inquisition, whether a person is of unsound mind and incapable of managing himself or his affairs; the alleged lunatic must have notice, and is entitled to a jury. The judge has discretion to dispense with a jury and to examine the patient himself. The examination shall be in open court or in private, as the judge may direct. When the patient is found to be a lunatic by inquisition, his person and his property are placed under the care of a Judge in Lunacy, who commits the lunatic and his property to the care of a person or persons called the committee of the lunatic.

**Masters in Lunacy.** Barristers of not less than ten years' standing are appointed as masters in lunacy, who act under the judges in lunacy to carry out the various duties described above. The judge can deal with a lunatic's property as if the judge were a trustee, e.g., he can sell, charge, or mortgage the property for the purpose of payment of the patient's debts, or discharge of incumbrances upon the property, or for the patient's maintenance, present or future. When a partner in a business becomes lunatic, the judge may dissolve the partnership.

**Duties of the Committee.** The judge may order the committee of the lunatic to sell the property, or exchange it, carry on the business of the lunatic, grant leases, surrender leases, perform or assign contracts, or do any legal act which the lunatic could do if he were sane. Where the property of a lunatic is small, a judge of county court has power to deal with it.

**The Commissioners.** The Commissioners in Lunacy consist of medical practitioners and barristers, whose salaries are paid by the State.

**Visitors.** The medical and legal visitors of lunatics so found by inquisition are called Chancery visitors. Asylums are visited by a visiting committee appointed by the local authority. Houses licensed to receive lunatics are visited by justices of the peace, and a medical man appointed for the purpose. Lunatics in asylums are visited by two or more Commissioners, who also have the power to visit every hospital and licensed house and workhouse. Pauper lunatics may be visited by a medical man appointed by the guardians. The Commissioners may make special unexpected visits whenever they see fit, and may require the heads of private families and of charitable institutions to send them a full report of any person being detained by them as an alleged lunatic without an order and medical certificates.

**Licensed Houses.** Houses and hospitals for lunatics are licensed either by the Commissioners or by the licensing justices for the county or borough, and the houses are regulated by the Commissioners.

**Asylums.** Counties, county boroughs, and certain other boroughs, and the City of London, must provide county asylums for lunatics. The maintenance of a pauper lunatic is chargeable to the union from which he was sent.

**Offences.** If any person having charge of a lunatic wilfully ill-treats him or neglects him, such person



shall be liable to fine or imprisonment. If any person abuses or carnally knows any female patient who is in his charge or care, he shall be liable to a term of imprisonment with hard labour. The consent of the female lunatic shall be no defence.

The Lunacy Act of 1890 was amended in 1891 and 1908.

**Criminal Lunatics.** An Act to make better provision for the custody and care of criminal lunatics was passed in 1860. It provides for asylums for criminal lunatics, and, generally, the rules which relate to the care and oversight of the non-criminal lunatics apply to the criminal lunatics. The Criminal Lunatics Act, 1883, enacted that where a prisoner is certified to be insane, a Secretary of State may, by warrant, direct such prisoner to be removed to the asylum named in the warrant, there to remain as a criminal lunatic until he ceases to be a criminal lunatic. The superintendent must render regular reports on each criminal lunatic to a Secretary of State, who has powers to discharge such criminal lunatic if he thinks it fitting so to do.

**The Special Verdict.** The Trial of Lunatics Act, 1883, provided that if evidence was given at the trial of a prisoner that he was not responsible for his acts and the jury was satisfied that such person was insane, the jury must return a special verdict to the effect that the accused was guilty of the act or omission charged against him, but was insane at the time. When such verdict has been found, the court shall order the accused to be kept in custody as a criminal lunatic in such place as the court shall direct till his Majesty's pleasure shall be known.

**Idiots and Imbeciles.** An Act for giving facilities for the care, education, and training of idiots and imbeciles was passed in 1886. An idiot or an imbecile is so from birth or becomes so at an early age. The idiot or imbecile may be placed in a registered hospital, institution, or licensed house until the patient is of full age. A certificate must be given in writing by a duly qualified medical practitioner,

and a statement must accompany the certificate; the statement must be signed by the parent or guardian of the idiot or imbecile. The Commissioners in Lunacy may order such person to remain where he is after he has arrived at full age. An idiot or imbecile of full age may be received in any registered institution as above described upon a certificate and statement as in the case of a patient under age.

When idiots and imbeciles are received, notice of the fact, with full particulars of each case, must be sent to the Commissioners. The Commissioners must visit each licensed house once a year, a medical journal must be kept in each institution, and the following forms prescribed by the Act must be followed: Form of medical certificate, form of statement to accompany medical certificate, and form of certificate of reception.

**LUNA MONTH.** A luna month is a month of four weeks, *i.e.* the period from one new moon until the next.

**LUNKAH.**—A tobacco grown in Ceylon. It is milder than Trincomopoly, but contains a large quantity of nicotine, which renders it injurious to the smoker.

**LYCOPODIUM.**—The plant of the order *Lycopodiaceæ*, and the sulphur like powder obtained from its spores. Russia does an export trade in the powder, which is used in producing artificial lightning for stage purposes, etc. It is also employed in pharmacy as a coating for pills.

**LYDDITE.** A disruptive explosive used in the United Kingdom exclusively by the Government. It consists of a varying proportion of picric acid, and tri-nitro-toluol according to the nature of the work to be done. It is an extremely powerful explosive.

**LYNX.**—This animal is found in Europe, Asia, and America, and is valuable for its soft, thick fur, which is easily dyed. In colour it is usually grey or light brown, with spots of a darker tint. Canada does the largest export trade.

## M

**M.** This letter is found in the following abbreviations:

|      |                                    |
|------|------------------------------------|
| M.   | Thousand (Latin <i>mille</i> )     |
| M.   | Metropolitan                       |
| M/C. | Marginal Credit                    |
| M/C. | Mortgage Clause (Marine Insurance) |
| M/D. | Months after Date                  |
| M/D. | Memorandum of Deposit              |
| M/O. | Money Order                        |
| M/P. | Memorandum of Partnership          |
| M/S. | Months after Sight                 |
| MSS. | Manuscripts                        |
| mm.  | Millimetres                        |

**MAATJE.** (See FOREIGN WEIGHTS AND MEASURES, HOLLAND.)

**MACARONI.** A nutritious preparation made from whole wheat. It is the most popular food in Italy, and is readily obtained in paper. When these are particularly slender the substance is known as vermicelli while spaghetti is the name given to tubes of intermediate size. The same paste is also made into a variety of other shapes. The export trade is carried on chiefly at Genoa, Cagliari (Sardinia), and Marseilles.

**MAIZE.** The cereal inner coat of the nutmeg. In its dried state it is yellow in colour, and is used as a cheap spice, being imported from the Straits Settlements. It contains a small percentage of oil, known as oil of maize, or oil of nutmeg.

**MACHINE COSTS.** These are accounting records which are constructed to show the cost of maintenance and life of a machine required to perform some particular operation, thus furnishing the basis of an estimate of the cost of each operation performed by it. It is obvious that the installation of machinery can only prove economical where the expenses which it can render are sufficiently increased to reduce the cost per operation below the price formerly incurred for that particular purpose. The machine, in fact, becomes profitable to its owner, and the system of machine costs is designed to show its amount. (See COST ACCOUNTS, COSTING.)

**MACHINERY.** In order to secure the safety of workpeople in workshops and factories, special regulations are laid down by statute with regard to machinery. Every hoist or tangle, and every fly-wheel directly connected with the steam or water or other mechanical power, whether in the engine-house or not, must be securely fenced, every wheel face not otherwise secured must be securely fenced close to the edge of the wheel face. This fencing is compulsory, it cannot be dispensed with even if it is certain that no danger can result from its absence. All dangerous parts of machinery and every part of the mill-gearing must either be securely fenced or be in such position or of such construction as to be equally safe to every person employed or working in the factory, as it would be if it were securely fenced. Whether any part or parts of the machinery is or are dangerous is a question of fact and has to be decided from all the circumstances of the particular case. All fencing must be constantly maintained in an efficient state while the parts required to be fenced are in motion

## M

or use except when they are under repair, or under examination in connection with repair, or are necessarily exposed for the purpose of cleaning or lubricating, or for altering the gearing or arrangements of the parts of the machine. Inspectors are appointed to visit and examine factories and workshops, and if a duly appointed inspector complains to a court of summary jurisdiction, and the court of summary jurisdiction is satisfied that any part of the ways, works, machinery, or plant used in a factory or work shop (including a steam boiler for generating steam) is in such a condition that it cannot be used without danger to life or limb, the court may by order either prohibit the use of the dangerous machinery, etc., altogether, or if it is capable of being repaired or altered, prohibit its use until it has been duly repaired or altered. If the order is not obeyed, the person entitled to control the use of the machinery, etc., is liable to a fine not exceeding 40s. for every day on which the order is disobeyed. Every steam boiler used for generating steam in a factory or work shop must have attached to it a proper safety valve and a proper steam gauge and water gauge to show the pressure of steam and height of water in the boiler, and must be examined thoroughly by a competent person at least once in every fourteen months. Every such boiler, safety valve, steam gauge and water gauge must be maintained in proper condition. These provisions do not apply to the boiler of any locomotive belonging to or used by a railway company, or belonging to or used exclusively in the service of His Majesty.

There are also some regulations with regard to self-acting machines. In a factory erected since January 1st, 1896, the traversing carriage of any self-acting machine must not be allowed to run out within a distance of 18 in. from any fixed structure not being part of the machine, if the space over which it runs is a space over which any person is liable to pass. But the traversing carriage of a self-acting cotton spinning or wool-spinning machine is allowed to run out within a distance of 12 in. from any part of the head stock of another self-acting cotton spinning or wool-spinning machine.

No person employed in a factory is allowed to be in the space between the fixed and the traversing parts of a self-acting machine unless the machine is stopped with the traversing part on the outward run, but the space in front of a self-acting machine is not included in the above mentioned space.

No woman or any person under the age of eighteen may work between the fixed and traversing part of any self-acting machine while the machine is in motion by the action of steam, water, or other mechanical power.

While machinery is in motion by the aid of steam, water, or other mechanical power, no child is allowed to clean any part of the machinery, or any place under the machinery other than overhead mill-gearing. By the term "child" is meant any boy or girl who, under the age of fourteen years, since by the Education Act, 1918, no such persons may be employed in factories.

A young person (*i.e.* a person who has ceased to be a child, but is under eighteen years old) may not clean any dangerous part of the machinery in a

factory while the machinery is in motion under steam, water, or other mechanical power.

A woman or "young person" may not clean such part of the machinery in a factory as is mill-gearing while the machinery is in motion, for the purpose of propelling any part of the manufacturing machinery.

**MACHINES IN THE OFFICE.**—(See OFFICE MACHINES.)

**MACKEREL.**—A food fish of the same family as the tunny, found in great abundance off the coasts of Norway and of the British Isles. It is the most important of the Irish fisheries. Mackerel is usually eaten fresh, but there are considerable exports of the cured fish to America.

**MADAGASCAR.**—(See FRANCE.)

**MADDER.**—The root of the *Rubia tinctoria*, formerly important as the source of dye-stuffs, such as alizarine and garanine (*qv*).

**MADE BILL.**—The name "Made Bill" is given to a bill drawn in this country which is payable abroad. It is usually a foreign bill forwarded from some provincial town to a correspondent in London, when it is indorsed by the correspondent in his own name and then negotiated. Another kind of foreign bill is a drawn bill which is negotiated direct from the drawer to a London foreign banker. The advantage of a "Made Bill" over a drawn bill is this; the former has the added security of the indorsement of the correspondent.

An illustration will make this clearer. Suppose a foreign bill is drawn as follows:—

Liverpool, June 25th, 19...

£830

*Fifty days after sight pay this first Bill of Exchange (second and third unpaid) to our order Eight hundred and thirty pounds for value received*

Williams & Thompson.

To M. F. Berthelot,  
Bordeaux

If this bill is sent by the drawers direct to the London office of the banker who is the agent of the drawer at Bordeaux, it is a drawn bill; but if, on the other hand, it is sent first to a London correspondent to be indorsed by him, and then indorsed and negotiated, it is a "Made Bill."

**MADEIRA WINES.**—Fine, mellow wines of the sherry class, made principally in Madena. They are improved by keeping and shaking, and are, therefore, frequently sent on ocean voyages, *e.g.*, to the East Indies. They contain about 20 per cent. of alcohol, but the variety obtained in Great Britain is stronger, owing to the addition of brandy.

**MAGNESIA.**—The oxide of magnesium. Its chemical symbol is MgO. It is a white powder usually prepared from one of the carbonates of the metal, though it may also be obtained by heating the metal itself. Citrate of magnesia is a mild aperient consisting of carbonate of magnesia, citric acid, syrup of lemons, bicarbonate of potash, and water. Epsom salts is the sulphate of magnesia. It is a white crystalline solid found in many natural mineral waters. It has strong purgative properties.

**MAGNESITE.**—A mineral found in considerable deposits in many parts of the world, but worked chiefly in Greece. It is a binding material much like cement, but is capable of being used more widely than that article; for instance, it can be used for binding sawdust. Most of the imitation marble which is now met with is manufactured

from this magnesite, the use of which is rapidly growing.

**MAGNESIUM.**—A silvery white metallic element of wide distribution. It is generally obtained by fusing chloride of magnesium with sodium. The chloride is a soluble salt present in large quantities in sea water. It is sometimes employed to add weight to cotton goods. Magnesium is an important constituent of meerschaum and of asbestos (*qv*). It burns with a brilliant white light, and, when drawn out into a ribbon or wire, is much used in pyrotechnics, for illuminating caves and other dark places, and as a flash-light in photography. Magnalium is the name given to a useful alloy consisting of magnesium and aluminium.

**MAHALEB.**—A cherry tree, the fruit of which is much used in the preparation of the German liqueur Kirschwasser. Walking sticks and pipes are made of the wood. The tree is grown chiefly in Baden.

**MAHOGANY.**—The South American name of a fine tree which grows in the West Indies and in tropical America. The timber is heavy, close-grained, and reddish-brown in colour. It takes a high polish, and is often beautifully figured. The so-called "Spanish" mahogany, which comes mainly from Cuba, and the variety obtained in large quantities from Honduras under the name of baywood, are much in demand for shipbuilding, as well as for furniture, for which latter purpose the marked wood is, of course, more prized, but the mahogany most valued for its rich markings is that of St. Domingo, which is employed exclusively by cabinetmakers. The bark of the mahogany tree yields a febrifuge, and the wood contains the astringent principle present in catechu. Many other trees found in different parts of the world resemble mahogany, and are sometimes described by this name. Among these are East Indian mahogany or Coromandel red wood, and a eucalyptus tree known as forest mahogany.

**MAIL.**—(See POST OFFICE.)

**MAIL DAY.**—When postal communications were not so elaborate and frequent as they are to-day, it was the custom of merchants to set apart certain days for correspondence with different parts of the world, and these were known as mail days. Now the name is mostly used in connection with traders whose business lies in the Far East. Thus, Friday is the mail day for correspondence with India and Australia, since the mail departs at 9 p.m. on Fridays from Charing Cross, and Saturday morning is devoted to South African affairs, the mail leaving the South-Western Station at Waterloo in time to catch the Saturday afternoon boat from Southampton.

**MAIL ORDER BUSINESS, ORGANISATION OF.**

—A mail order business, on a large scale, is the most modern form of retail enterprise. Its organisation is built up entirely upon advertising, and its success depends upon advertisement "backed by the goods." In recent years the number of mail order houses has greatly increased and the enterprise of some of the best organised establishments has made it necessary for many of the large departmental stores to add a mail order department to their business.

Where the mail order house has made a name which has become a household word for courtesy, service, and fair dealing, that is, where it has created an individuality and is carefully organised, it makes a very honourable competitor with the orthodox retail trader, but where organisation is

lacking and the business has to depend upon the casual sale, which, owing to the defects of the system, is never repeated, it is very unlikely that it can hold its own and take that share of the retail trade of the country, which is proportionate to the cost of its advertising.

In all its aspects, a mail order business differs from any other form of retailing. Its advertisement is carried out on different lines, the personal touch is always lacking, its goods are sold by description and only by careful organisation and square dealing can it hope to prosper. The first essential in its programme is a sound advertising campaign. This should be first prepared and expert advice taken, and before it is launched, everything should be ready to deal with business. Delay, apologies, excuses and regrets can form no part of a business carried on through the medium of the post. Countly manner of one most highly polished salesman, making excuses for lack of stock, inferior quality and the like, is lacking, and it is impossible, through the cold medium of a typewritten letter to make a customer one thousand miles away feel that the shortcomings of the retailer are really the fault of the customer himself. Hence, preparedness must be the watchword of the business through the post.

**Classes of Mail Order Businesses.** Mail order businesses divide themselves into two main classes, namely, those in which the business man advertises a description of his goods, states the price in the advertisement, and looks for an immediate sale without intermediate enquiry, as compared with the business man who advertises a catalogue, handbook or patterns, or who invites further enquiry before a sale is negotiated. The first type of business is the simplest and is suitable where only a few articles are made up for sale by the mail order house. This method of dealing is looked upon by advertising agents as uneconomical and unscientific. Such a mode of carrying on business may be called the direct advertisement method. It bids for an immediate sale and is useful only where a cash-and-carry trade is desired. It does, however, comply with an important principle, that in mail order, as in any other business it is good policy to *star a leading line*. The type of advertisement required for this class of business will be larger than is usual for mail order advertisements in general. It will be necessary to occupy sufficient space to give a full description than is called for where a catalogue or booklet is supplied. It is a good plan to undertake to refund the price paid where satisfaction is not given. If the advertisements give this undertaking for return of goods, a claim for refund should be made promptly and with all courtesy. If it is intended that the goods will be exchanged or money refunded, the advertisement should make the definite assertion, vague and misleading expressions should not be attempted, and a strong effort should invariably be made to bring the public to realise that the business is a genuine one and honestly means to carry out what it undertakes, in short, that its word is as good as its bond.

**Booklets.** The more scientific but perhaps more expensive method of carrying on business is by means of the catalogue or booklet. This means that small space advertisements can be resorted to in the periodicals and other usual mediums, and that those who are really desirous of knowing something more about the business may have forwarded to them the fullest information in respect of its

specialties. A catalogue or booklet should have a prepossessing appearance and convincing manner. It should be as persuasive as the most eloquent of travellers, and the proprietor of any mail order business who hopes to compete with the more orthodox retail trade must see that his catalogues and booklets are as well prepared as it is possible for modern art to achieve.

When a firm desires to advertise itself it must be prepared to make an impression which it will be difficult to remove. Its advertisement must be attractive, and this will call for the expenditure of a considerable sum of money, but the cost should not lead the owners of a developing business into a false economy in the most essential feature of its advertising campaign. Whether a thousand pounds or a hundred pounds has to be laid out on the preparation of price list and catalogue, the business man should see that a fair proportion of the whole expenditure should be laid out in attractiveness. (See ADVERTISING.)

A mail order catalogue should never be deficient in explanation and loose technical terms should not be employed, items should not be described in such a way as to reflect upon the description of other items of better quality. The aim should be that every article advertised is to be represented as the article which the individual reader is seeking, and that to him it will be as satisfactory as the better priced article which he can ill afford to buy, and which is advertised on the same page.

The best examples of mail order catalogues are to be found amongst those of seedsmen and market gardeners, they are well illustrated and, as a rule, well indexed, the prices are plainly shown and description scarcely ever reflect one upon the other. Whatever branch of mail order business may be under consideration, the seedsmen's illustrated catalogue is often productive of sound ideas.

**Prices.** Prices should in all cases include carriage. Articles capable of travelling through the post should be quoted post free, larger articles carriage paid to the nearest railway station.

**Samples.** Whilst the aim of the mail order advertiser should be to make purchase as easy as possible for his customer, the expense of sending samples and patterns is often very great, and may not be commensurate with the results obtained. Whilst an advertiser does not, as a rule, require the prepayment of postage for a catalogue or booklet, it is quite a common practice to ask for stamps for patterns or sample. Where samples are forwarded the remittance required is generally the actual retail price, although where possible the sample would be "put up" in less bulk than for ordinary sales. The requirement of a stamped envelope for patterns, or a note that all patterns should be returned or a charge made in default, generally excludes the merely curious as distinct from the interested enquirer, and the enquiry without purpose is one of the greatest sources of loss that the mail order business man has to face.

**Covering Letter.** No catalogue, pattern or price list should be sent out without a covering letter signed by the proprietor of the business, and such a letter should be framed on lines which would indicate that it was drawn up to meet the case of the particular applicant to whom it is forwarded.

**Drawing up a Mail Order Scheme.** What has been said indicates the desirability for consulting an experienced advertising agent, as the business is entirely dependent upon good advertisements in

properly selected mediums followed by a well-ordered system of correspondence known as the "follow up." The chief attraction of mail order advertising is the apparent offer of something for nothing, which particularly attracts the feminine mind, and it is the business of the follow-up scheme to convert what may have been at first idle curiosity into genuine business.

A series of well thought-out follow-up letters should have for their aim further explanation of points deliberately left untouched in the original offer, that is the convincing of the waverer, the reminding of the forgetful and the persuasion of the doubtful or wary, who is the most difficult type of enquirer. (See FOLLOW-UP SYSTEM.)

**Records.** In order that the follow-up system shall be successful, proper records of all enquiries should be kept and all applications should be "keyed." The same records should be used to achieve both these objects. Keying of applications is absolutely essential, so that the value of every advertisement may be weighed and considered at a future date, and the medium which fails to produce an adequate response should be scrapped without hesitation. "Follow up" consists in sending a second letter should no response be obtained within a reasonable time after the forwarding of the catalogue and covering letter. This may be followed, if necessary, by a third and even a fourth reminder at appropriate intervals, depending on the nature of the business, the season of the year, alteration of catalogue, variations in style, introduction of improvements. Indeed, any slight change in circumstances may be a sufficient excuse for further communications. It will invariably pay to have all such communications got up in good style, and every communication should have the appearance at least of being a special personal letter provided for the individual case.

A simple and comprehensive system should be provided for the keeping of records necessary in the business. The provision required will include the card index, record cards, and the vertical file for correspondence. A set of enquiry record cards should be drawn up showing the name and address of the applicant, brief details of the enquiry, progressive number, the key number of the publication through which the enquiry comes, and spaces for recording the despatch of catalogue, samples, patterns, follow-up letters, and at least three orders. These cards may be arranged in alphabetical order in trays or drawers, each tray representing a single source of advertisement. They should be arranged in numerical order and a card index of the whole should be prepared. The numerical order is preferable to the alphabetical order in that it allows for proper sequence of follow up at the right time, whilst the card index will give a complete list of all persons on the books.

When an enquiry has purchased on two or three occasions he may be considered a customer of the business. The card will be removed to a fresh tray and the sum total of such cards in this tray will be a measure of the goodwill created. The records extracted from the cards should be made up at short intervals, so that the advertiser may know the value of each of his advertisements and be able to calculate, in terms of the cost of advertisements, the cost per order obtained through each of the various advertising sources.

As the mail order business depends for its stability upon its records, great care should be taken of the

cards. No card should be removed from its place except by an authorised person, and when removed should be replaced by a brightly-colored card upon which should be initialled particulars of the removal.

It is essential that the business should be provided with a safe of good quality, and of fire-resisting material, and the records, or, at any rate, the card index, should always be placed in the safe at the close of the day's business. The necessary equipment will be increased where payment by instalments is in vogue. A ledger card will be necessary in this case, or a loose leaf ledger may be used. The ledger card will have entered upon it on the debit side the whole of the instalments with the dates upon which they become due, and payments, from time to time, will be credited. These cards will run under the progressive numbers and the card index will be varied accordingly. This can be done by using a different coloured card for all instalment cases, the "ticker" system being used as a reminder for statements to be sent out should instalments not be automatically emitted.

**Instalments.** Under the head of records, mention has been made of the procedure necessary where the trading involves payment in instalments. In all mail order businesses an additional charge of from 5 to 10 per cent. is recognised as usual for the convenience of payments by instalments. Furniture, jewellery, books and other expensive goods are often sold on instalment principles and experience shows that where the quality of goods is satisfactory and consistently maintained very little loss is entailed by working on this system. Greater capital, however, is always needed for the working of an instalment system, and it is not recommended for the beginner in the mail order business.

**"The Post Office Guide."** A very important part of the equipment of the library of the mail order business is the *Post Office Guide*, a Government quarterly publication. This volume contains in detail all that is necessary for the retailer by post to know with regard to postal facilities. This guide should be very carefully studied by the proprietor of a mail order business, the following being of considerable interest to him: Prepayment of postal packages, the use of private boxes, special regulations relating to the packing of various articles, registration rules, the sale of postage stamps to the Post Office, particulars as to the halfpenny package post, conditions for the purchase of large quantities of post cards, newspaper wrappers and embossed envelopes, and the regulations relating to postal orders. All these matters will prove of value and interest to him, and he should make himself familiar with every postal rule which is likely to decrease his postal expenses.

**MAINTENANCE.**—The officious intermeddling in lawsuits by persons who are not parties to the suits, by means of lending money to provide for costs, etc. Generally speaking, this is illegal, though there are several exceptions to the general rule when the motives are charitable. Maintenance should be compared with barratry (*gr*) and champerty (*gr*).

**MAIZE.** (See *INDIAN CORN*.)

**MAJOLICA.**—A fine form of decorated earthenware largely used for ornamental purposes, but also for sanitary fittings. A valuable export trade is done. The chief seat of manufacture is London.

**MAKER OF PROMISSORY NOTE.**—The person who signs a promissory note, by which he promises to pay a sum certain in money to another person,

is called the maker. His position corresponds to that of the acceptor of a bill of exchange, as he is the one primarily liable upon the document. By Section 88 of the Bill of Exchange Act, 1882, the maker engages to pay the promissory note according to its tenor, and he is precluded from denying to a holder in due course (*q.v.*) the existence of the paper, and his then capacity to indorse the instrument. A note may be made by two or more persons, and they will be liable jointly or jointly and severally (*q.v.*), according to the manner in which the note is drawn.

**MAKING-UP DAY.**—The first day of the settlement on the Stock Exchange. (See *CONVANGO DAY*.)

**MAKING-UP PRICE.**—As is described under the heading of *CARRYING OVER*, speculative transactions which it is not desired to close are "continued" from settlement to settlement, the theory being that a fresh bargain takes place at a certain price known as the "making-up price." These making-up prices are fixed by the jobbers on the carry-over day, and are the middle price, *i.e.*, the mean between the jobbers' buying and selling prices at a certain hour on that day, and the difference the speculator has to receive or pay out, as the case may be, at the end of each account are calculated on the last making-up price as compared with the making-up price at the previous account.

**MALACCA CANES.**—Walking sticks imported chiefly from Sumatra, where they are obtained from the *Calamus Scipionum*.

**MALACHITE.**—A beautiful mineral of an emerald green colour, consisting of carbonate of copper. It abounds in the Ural Mountains, and occurs also in South Australia and in Cornwall, being generally found among copper ores. It takes a high polish, and is chiefly used for decorative purposes.

**MALA FIDE.**—In bad faith, the opposite of *bona fide* (*q.v.*).

**MALA FIDES.**—Bad faith, the nominative case of *mala fide*.

**MALAGA WINES.**—Sweet, luscious wines, forming one of the chief exports of Malaga, on the N. W. trancon coast of Spain. They are generally white in colour, the variety known as *Palmira* being among the best of this sort.

**MALAGUETTA PEPPER.**—(See *GRAIN* or *PEPPER*.)

**MALDIVES ISLANDS.**—(See *CHAGOS*.)

**MALFEASANCE.**—(See *MISFEASANCE*.)

**MALICIOUS PROSECUTION.**—This is a civil proceeding, which requires very careful comparison with false imprisonment (*q.v.*). The latter cause of action arises when a person has imprisoned or given into custody another person when no right of arrest (*q.v.*) exists, and in such a case it is for the defendant to prove that he had reasonable and probable cause for acting in the manner in which he did, *i.e.*, that a felony had been committed and that there existed reasonable grounds for suspecting the person arrested of being the guilty party. Malicious prosecution, on the other hand, is a proceeding which arises when one person has taken criminal proceedings by the intervention of an officer of the law, against another person, and has accused him of some crime or misdemeanour by reason of which accusation the person accused has been compelled to appear before a criminal court. Here the burden of proof (*q.v.*) is shifted, for it is for the plaintiff to prove that the defendant had no reasonable and probable cause for instituting proceedings against

him—a difficult task in the majority of cases, as it practically amounts to trying to prove a negative. Of course if he succeeds a plaintiff may be awarded heavy damages according to the circumstances of the whole affair. Naturally no plaintiff can ever succeed in either case unless he is exonerated from the charge laid against him in the criminal proceedings.

An employer should always be most careful before he institutes criminal proceedings, for if he ought to make it practically certain that he will secure a conviction. Otherwise he may be put to great expense by having a merely speculative action launched against him, *i.e.*, one in which the plaintiff, being a man of no means, cannot possibly meet the costs of the case if he is defeated.

**MALT.**—A preparation of grain, preferably barley, used in brewing. After having been steeped in water for two or three days, the barley is drained and thrown on to the floor in heaps. When germination begins, the grain is spread out evenly in layers of 4 to 11 in. until the proper stage of development is reached, when the barley or green malt, as it is now called, is dried in a kiln, of which the temperature is gradually raised from 95° to 150° F. The final process, known as *curing*, requires tremendous heat. Malting requires great care and skill throughout, as the flavour and quality of the beer depend largely upon it.

**MALTA (BRITISH).**—This is the largest of a group of islands in the Mediterranean, situated between Sicily and North Africa. The other two islands of any size are Gozo and Comino, whilst the remainder are of little importance. The area of the colony is 117 square miles.

(For exact position, see map of ITALY.)  
The area of Malta itself is about 91½ square miles. Its greatest length is 17 miles, and its greatest breadth 9 miles. Gozo has an area of 24½ square miles. The civil population of the whole colony, is about 225,000.

All the islands are highly cultivated, the chief products being cotton, corn, oranges, lemons, onion, and early potatoes for the London market.

*Valletta* (30,000) is the capital and only considerable town, the old capital, *Citta Vecchia*, having sunk to a village of about 500 inhabitants, although it has a suburb, *Rabat*, with a population of about 8,500.

Malta capitulated to the British in 1800, and was formally ceded to Great Britain by the Treaty of Paris, 1814. It is now the key of the Mediterranean. It is strongly fortified, and has extensive gun-fores and a naval hospital. Malta is the most important coaling and supply station on the route to the East. The garrison is about 10,000, nearly double that of Gibraltar.

Mails are despatched daily via Naples. Valletta is about 2,000 miles distant from London, and the time of transit is about three days and a half.

**MANAGEMENT SHARES.**—(See *FOUNDERS' SHARES*.)

**MANAGER.**—(See *SPECIAL MANAGER*.)

**MANAGING DIRECTOR.**—(See *DIRECTORS*.)

**MANCHESTER SCHOOL.**—(See *LAISSEZ FAIRE*.)

**MANCHURIA.**—(See *CHINA*.)

**MANDAMUS.**—Latin: "We command." This is the name of a writ which is issued out of the King's Bench Division commanding a person or a public body to do a certain thing. Its use is practically confined to the enforcement of certain public rights and duties. Thus, if a person feels aggrieved

because a particular act is not done through the refusal of the person or persons responsible declining to carry it out, an application is made in the first place to a Divisional Court of the High Court (*q.v.*), and if a *prima facie* case is made out, a rule *nisi* is granted, calling upon the person or persons complained of to appear and show cause why they should not be compelled to act. The case is fully argued at a later date, and if it appears that there is a substantial case of injustice, the writ of mandamus is issued. The corresponding writ which forbids the performance of a particular act is that of prohibition (*q.v.*). It is not to be overlooked, however, that the issue of the writ is entirely discretionary.

**MANDARIN ORANGES.**—Small, delicately flavoured oranges, with thin rind. They owe their name to their Chinese origin, but Palermo now does the largest export trade. Tangerines are similar in flavour and appearance. A variety of this fruit is grown to perfection in Natal.

**MANDATE.**—A mandate is an authority or command. When used in the latter sense it is confined to a command given by a judicial person. When used in the former sense it is a species of agency. Thus, one man may give another a mandate to act for him in any particular business or undertaking. The authority should be given in writing, and the terms of the same should be clearly set forth.

**MANDATORY.**—The person to whom or in whose favour a mandate (*q.v.*) is given. Take an agent, the mandatory must carry out his work himself. Unless he is specially authorised to do so, he cannot delegate his mandate to another.

**MANGANESE.**—A greyish metal resembling iron, usually obtained from its peroxide, known as black oxide of manganese, from which its numerous compounds are also prepared. Permanganate of potash is well known for its disinfectant properties, and other derivatives are employed as coloring agents in the manufacture of glass and enamel. The oxide is also used in making matches. The metal itself is alloyed with iron to form spiegeleisen, steel, etc. It also forms alloys with copper and nickel. Great Britain's supplies come principally from Sweden.

**MANGO.**—The kidney-shaped fruit of the *Mangifera indica*, a tree largely grown in India and the East Indies, where it is eaten in its natural state. The exports to Europe consist of the pickled fruit, which, with other ingredients, forms the condiment generally known as chutney.

**MANGOLD-WURZEL or MANGEL-WURZEL.**—The field beet, cultivated in the British Isles since 1786, and used as fodder. It is in most respects preferable to the turnip, as it keeps better, and is not affected by varying temperatures.

**MANGOSTEEN.**—The delicious purple fruit of a tree growing in the Straits Settlements and in the East Indies. A useful astringent is obtained from the rind.

**MANGROVE BARK.**—The product of a genus of tropical trees which grow in marshy districts of South America and of the East and West Indies. It is imported by Europe for the sake of the tannin and dye-stuffs obtained from it.

**MANIFEST.**—Manifest, in commercial law, is a written instrument containing the true account of the cargo of a ship. It must contain a list of all packages or separate items of freight, with their distinguishing marks, numbers, and the names of the consignees. On the exportation of goods for

which no bond is required, the master or owner of the ship is required, within six days after the final clearance thereof, to deliver to the proper officer of customs a manifest, signed and declared to be accurate, giving the above particulars. If a manifest, or a declaration in lieu thereof, is not so delivered, or an incomplete or inaccurate one is furnished, those in default are liable to a penalty of £5 (Revenue Act, 1884, Sec. 3). In the United States a manifest must designate the ports of lading and destination, a description of the vessel, and the designation of its owners, and must contain the names of the consignees and passengers, with a list of their baggage and an account of the sea stores remaining. The manifest should be made out and signed by the captain at places where the goods or any part of them are taken on board.

**MANIFOLDING.**—(See DUPLICATING.)

**MANILA HEMP.**—(See ABACA.)

**MANILAS.**—The trade name for cigars and cheroots made in and exported from the Philippine Islands.

**MANIOC.**—A shrub cultivated in Brazil and in other parts of tropical America for the sake of its root, which forms a nutritious food owing to the quantity of starch it contains. Care must be taken to remove the milky juice which is poisonous, unless boiled. (See CASSAREEP.) From the starch, tapioca (*q.v.*) is prepared. (See CASSAVA.)

**MANNA.**—The sweet sap obtained by incision from the bark of several trees, especially two species of South European ash. Manna resembles honey in its odour and colour. In commerce it is usually met with in the form of flakes, the exudation having hardened on exposure. It is exported chiefly from Palermo, and is useful in medicine as a mild aperient. The leaves of the dwarf oak of Arabia and Kurdistan yield a sort of manna which is used for local purposes.

**MANUFACTURERS' ACCOUNTS, ORGANISATION OF.**—Probably the most noticeable feature of a modern counting-house is the ease and smoothness with which the work proceeds, though often of a difficult and laborious nature. This object is attained by means of a careful distribution of duties amongst the various employees, together with the inauguration of such systems of automatic and other check as may be practicable and desirable. The accounts of a manufacturer offer an excellent example, and the following outline may be given in relation thereto—

1. All orders issued by the buyer to be put through an order book, retaining carbon copy of same.

2. All orders from customers or travellers to be filed and posted in customers' order book as and when delivered.

3. Invoices for goods purchased to be marked when received with a rubber stamp, which should have spaces for the initials of the persons who are responsible for the accuracy of (a) the quantities, (b) the prices, (c) the extensions and additions. Invoices to be then entered in purchase book with analysis columns, and posted to purchase ledger. Invoices should be numbered consecutively, the number placed in purchase book, and filed. Additions of purchase book posted to nominal ledger monthly (see DEPARTMENTAL ACCOUNTS).

4. A Cash Till should be used for recording cash sales, if any. Total cash sales to be entered in day book and cash book daily or weekly, dependent upon the volume thereof.

5. Slips to be passed from departments to counting-house for all goods sent out on credit. Carbon copies of invoices to be retained in rough day book. The day book should be entered from the latter, stating number of invoice, and the amount should be placed in the column for sales for the particular department, and posted to sales ledger. Post totals to credit of respective departments in nominal ledger monthly.

6. Returns inwards to be entered in returns inwards book with appropriate columns for departments and posted to sales ledger. Debit notes to be numbered consecutively and filed. Totals should be posted to nominal ledger monthly.

7. Returns outwards should be entered in returns outwards book with appropriate columns for departments and posted to purchase ledger. Credit notes to be numbered consecutively and filed. Totals should be posted to nominal ledger monthly.

8. The debit side of the cash book to be written up from the counterfoil receipt books, cash till totals, etc., and posted to appropriate ledgers at once. All payments other than those for petty cash to be made by cheque, and the credit side of the cash book to be written up from cheque book counterfoils. Receipts to be obtained for all trade payments, numbered consecutively, and filed, a column in the cash book recording the number. Petty cash to be on the imprest system, whereby the petty cashier commences the month with a round sum in hand, and supplies to the cashier at the end of the month details of his expenditure under the respective headings. The cashier hands to the petty cashier the amount of his disbursements, thereby restoring the petty cash balance to its original amount, and enters the payment in his cash book as per the details rendered, thus: Stationery, Telegrams, and Postages, etc. It is, perhaps, unnecessary to point out the advisability of placing the petty cash in careful hands.

Wages and salaries should be entered weekly in separate books kept for the purpose. Wages should be paid under a proper system, thus the employees' work books, initialed by the foremen, should be passed into the office and ruled out, and then entered in the wages book. A cheque should be drawn weekly for the exact amount of wages, which may be paid by the cashier, he having no part in the compilation of the same.

Partners' drawings (if any) should be initialed for in a book kept for the purpose.

The bank pass book should be checked with the cash book (bank column) once a week, and the balance agreed. The cash balance according to the cash book should be verified daily by comparison with cash in hand. Discount totals to be made and posted to nominal ledger monthly. Where possible, it is advisable that the cashier should have no part in the writing-up of any of the ledgers.

9. Bills of exchange (receivable and payable) to be recorded in appropriate books and posted to ledgers.

10. A system of sectional or self-balancing ledgers should be installed, so as to localise and facilitate the discovery of errors. Where this is arranged, and separate subsidiary books are kept for the respective ledgers, it is advisable to have the former written up by clerks who have no part in the ledger postings. The ledger clerks should be

occasionally transferred. Total accounts for each trade ledger should be raised in the private ledger.

11. The monthly statements should be made out and sent to customers promptly after being entered in a statement book, ruled so as to facilitate the collection of accounts.

12. Statements received from firms supplying goods to be checked with purchase ledgers, passed for payment, and paid so as to obtain maximum discounts.

13. Overdue and doubtful debts to be transferred to a special ledger and particular attention to be given to same. No debt to be written off until after notice that no dividend or no further dividend is to be expected, and all such notices to be filed.

14. Transfers of goods from one department to another should be recorded in separate books and priced at agreed price. Notes respecting same, stating quantities, to be filed after being initialed.

15. Store and stock books to be kept appropriate to the business, so that the quantity of goods on hand under the respective headings can be ascertained at any time. No stores to be issued by storekeeper without requisition note signed by a foreman. The accuracy of the stock and store books to be verified by actual stocktaking at fixed intervals, for which definite instructions as to manner of procedure, etc., should be issued.

16. A system of cost accounts to be devised, whereby the cost of production of particular goods can be clearly ascertained. This will necessitate (a) accurate subdivision of material used, (b) proper apportionment of wages paid, and (c) the addition of such a percentage as will cover all fixed expenses.

17. Where it is considered advisable, arrangements should be made so that a weekly or monthly cost sheet may be laid before the principals.

18. Books to be complete, trial balance to be extracted and agreed, and draft profit and loss account, and balance sheet to be prepared ready for auditors. (See also ACCOUNTING, HOUSE, ORGANISATION OF.)

**MANUFACTURING BUSINESS, ORGANISATION OF.** The word *organisation* applied to manufacturing signifies the study of systems and methods which facilitate production. It also describes the practical carrying on of a business as a specific entity which has constantly to be adapted to changing conditions. Production, as opposed to distribution, is a broad term for the movement and modification of material. Manufacturing means chiefly the modification or manipulation of material which is commonly called "raw" before the manipulative processes take place, and is described as "finished" or sometimes "semi-finished" material afterwards.

No two business organisations are alike, but when an observer pieces through the multitudinous differences of detail, he finds general principles applied in regard to production and control. In different lines of business, the same things are often called by different names. Thus one man's "factory" may be very similar to another man's "warehouse," and one man's "stock room" may be another man's "receiving department." So, also, the "superintendent" in one factory may do the work of the "general manager" in another.

**Processes and Functions.** To get a general idea of business organisation, it is necessary to look at the processes through which materials pass, and the functions which various directive and manipulative



people exercise. Production includes everything that happens in regard to the movement and modification of material until it is in a state in which it can be sold. It is obvious that the finished article of one factory, such as the floor boards of the saw mill, is the raw material of another. Even the finished article of the builder—a workshop, for instance—is part of the equipment or plant of the man who utilises the workshop. Very few businesses are organised exclusively for merely manipulative processes. Steps are taken to secure adequate supplies of raw material, some businesses, too, are self-contained or nearly self-contained in regard to the equipment, repair, and maintenance of their plant. This involves that a productive organisation must be related to other enterprises which assist its development. A manufacturing business must also be linked up with a distributing system. A factory organisation might be perfect in regard to its productive function, but unless its products are demanded by the outside world, unless they can be removed systematically, congestion will result. It will thus be seen that a manufacturing organisation requires the coordination of two main functions, the supply of material, and its manipulation.

The factory manager is the one who co-ordinates these two sides of the business. He has under him someone responsible for supplies, a man commonly called the purchasing agent or buyer, and someone responsible for the manipulative arrangements, commonly called the work manager. Associated with both departments, but independent of them, is someone who is responsible for the financial side of the factory—the works accountant.

**Incoming Material.** The purchasing agent is the man who is responsible that all raw material, supplies, and equipment are forthcoming in quantities and at times as needed. If there are many departments of the business, each requiring a different kind of raw material, there will be a buyer or superintendent or department manager who will have a profound technical knowledge of his own raw material and send in requisitions to a central purchasing office. Not all raw material, however, undergoes manipulation. Hence someone is made responsible for supplies of materials used for operative purposes, such as fuel and oil. Again, the factory superintendent needs machines, tools, and spare parts, the repair department, if it exist, will need supplies, and so on. In a small factory it may easily happen that the whole of the purchasing function is exercised by one person, but in a large factory the purchasing operations are controlled and supervised by one mind, the details being regulated by departmental experts, with the assistance of a requisition and order system. The latter is under the charge of the chief order clerk. Formal documents come to him from all parts of the factory calling for supplies. Copies of the requisitions are filed by those concerned, and if the matter comes within the routine of the business, the order clerk's "O.K." authorises either the purchase or the withdrawal of material from stores. Exceptional requirements are, of course, referred to a higher authority, as well as bulk orders for future deliveries.

**Care of Materials.** The purchasing department being established and in working order, somebody must be made responsible for the custody of the incoming material. This is the stores clerk, who has filed copies of all approved requisitions. His

assistants receive the material, examine it for quantity and quality, and dispose of it so that it will be secure from damage and pilfering. Owing to the multitudinous character of the material which enters a large factory and the difficulty of finding the right type of men to operate a stores department, there is a tendency to decentralise the store-keeping function. Subsidiary storerooms are attached to the various departments of the factory, and supplies withdrawn therefrom on the signature of the department manager or foreman. The departmental stores clerk is directed to maintain minimum or maximum quantities on hand and to requisition for further supplies to the central office. Under these circumstances, the requisition system is subdivided. Those requisition tickets which authorise the withdrawal of material from the storeroom specify the object or job or department or operation for which the material is required. The other requisition tickets which go from the storekeeper to the central purchasing office constitute the stores documents proper. They are tabulated and summarised, not for the purpose of finding the cost of a finished article, but in order to insure regular supplies of the material required.

**Requisition and Order Systems.** The issue of stores and other material is controlled by a requisition system. Thus, in modern practice, interpenetrates the costing system, and thus not only provides for the care of the material and guards against loss, but enables the material used to be traced from point to point and its value charged to the job for which it is used. In a furniture factory, for example, in the production of, say, a gross of upholstered chairs, the foreman estimates, or the estimating clerk has ascertained, the quantities of the various kinds of material required. He accordingly fills out requisition forms for so much timber, canvas, webbing, horsehair, tapestry, springs, etc., and on each requisition docket puts the number of the job. If he underestimates his requirements, he obtains from time to time further material; if he over estimates, he returns the surplus. Some of the materials he uses on a job cannot be precisely valued, such as glue or polish. Of such things, he keeps a supply in his department, obtained on general requisitions. So, also, he obtains from the tool store what may be needed. All such items are charged against his department, their value computed for the year, and a proportional amount charged to each job.

**Routine of Production.** The highest skill in modern organisation is applied to the routine of production. Sites are chosen and buildings are specially designed to facilitate output. Good natural light is provided not merely because daylight is cheaper than electric light, but because better work can be done with better illumination. Subsidiary details in planning a factory cover ventilation, fire prevention, cleansing, and the elimination of waste material. Three great principles emerge in factory organisation. The first involves the movement of the material, and is known as the "straight line" principle, the second involves the processes which the materials undergo, and is summed up in the word "standardisation", the third principle applies to both material and labour, and is known as "motion-study".

**The "Straight-line" Principle.** The straight line is not necessarily a geometrical line. It means that the raw material enters the factory at one end and

progresses with the minimum effort until it emerges as the finished article at the other, each movement being definitely associated with some processing or transforming activity. Raw material may thus be taken to the upper floor of a building, where it is examined for quality and goes through preparatory stages. On the floor below it is made into a part.

These go down to the assembly shop, and the complete article proceeds on to the testing room and dispatching department. To facilitate this movement, all kinds of mechanical assistance is forthcoming in the way of hoists, cranes, platform, gravity chute, trucks, etc. Methods of communication are organised from one department to another, not only telephones, but also pneumatic tubes and other carrying devices.

**Standardisation.** Standardisation applies chiefly to the sizes of the constituent parts of a mass-produced product. These may be standardised separate parts in a gramophone. Under standardisation, all of the parts are designed and made so that they are interchangeable. Moreover, standardisation requires that the different parts shall be produced in such quantities as may be required. Standardisation also applies to quality. Several different kinds of steel enter into the composition of a motor car, and the quality of each of these steels is standardised according to its hardness, clarity, shock resistance, power, etc. In practice, absolute standardisation is difficult to obtain, hence the existence of the "fitter."

**Motion Study.** What is known as "motion study" is still a very infancy. Concoctive-minded factories and men have yet to be convinced of the advantage of finding out the one best way to handle material or perform an operation. As an instance of motion study, may be mentioned the case of men who were required to shovel loads of metallic ore. When each man provided his own shovel, the amount moved by a gang of men was so many tons per day. Study showed that the maximum weight of ore which a man could lift without unduly fatiguing himself was 14 lbs. Shovels of this capacity were put in, and the daily tonnage improved, and it was even found that it paid for the firm to provide special shovels for each kind of ore. In another factory, material was moved in wheelbarrows. Motion study led to an improvement in the formation of the handles of the barrows leading to a saving of time and greater comfort for the men.

**Mass-Production.** One of the latest developments of factory organisation is known as mass production. This improves output by utilising a high degree of specialisation, combined with a high degree of co-ordination. Mass production usually involves the interworking of more than one factory. In producing a composite article, it may be found that the metal parts could be best produced by A, the wooden parts by B, and the assembling by C, and the testing and inspection by D. It is also perhaps found convenient for the finished product to be distributed from three or four strategic points. To obtain the maximum output, therefore, every element of the production is carefully planned, as to both the quality of the material and the standardisation of sizes. Motion study shows how each operation is best performed. The highest degree of specialisation is applied even to the extent of selecting men temperamentally suited for the work they have to do. In the assembling process, the straight-line principle is applied as rigidly as

possible. There is one well-known factory where assembling is conducted on a long moving platform.

The parts required are available as the article passes along the platform, and new groups of men take up their specialised work.

**Factory Records.** One other indispensable factory department deserves mention—the factory records.

Apart from the statistics and other facts which must be prepared in the factory for the head office, the costing department, and for the shareholders and the auditors, the factory manager himself needs to have before him from day to day the intimate history of the factory. He wants to know how each important job or group of jobs is progressing, so that he may plan successive work. He needs to have information as to the quantities of material on hand, or as to which deliveries are expected, or as to which there may be some delay. He needs information from the chief engineer as to the condition of the machinery. He needs to have a list, as to the staff, so that if orders come along he knows whether it is able to accept them or not. The fitter in the factory, the more detailed are the records become, the more man can carry all details in his head. By means of automatic tabulation, charts, etc., the factory clerk and his helpers provide the information, and they provide it from day to day. If the chief engineer, for instance, knows that some of his machinery must be stopped for overhauling to-morrow, it does not matter very much if the report of the circumstance ever comes to the notice of the manager at the head office, but the factory manager must be informed in any case.

**Factory Control.** The control of a large factory is secured by a method of devolution whereby responsibility is passed down from above until the operative detail is in the hand of an individual or a gang. In a factory manufacturing a single product, the devolutionary process goes on continually. The same things being done always in the same way, and the only anxiety of the directive mind is to deal with unforeseen emergencies. In a factory producing various kinds of goods, the management which endeavours to secure co-ordination, so that all the departments work together, and there is the maximum economy of labour and material. It may happen, for instance, that the waste material or by-product of one department may be utilised in another. The planning department, therefore, lays down the method to be adopted in regard to each new job. Speaking generally, the dynamic impulse which keeps a factory going comes from the side organisation of the business, the factory being required to produce what can be profitably distributed with regard to kind, qualities, quantities, and dates of delivery. It is obvious, therefore, that factory executives should be familiar with the distributive organisation, and also that the chief director of a factory should not have risen to his position from the factory itself. A man accustomed all his life to the details of production will be inclined to think that he can run the factory very much better if he has not to consider the demands of the selling organisation—just as a sales manager believes that he would increase his sales very much more easily if he were not hampered by restrictions imposed by factory conditions. The control of a factory, therefore, cannot be mechanical. It must be in the hands of intelligent human beings, willing and able to co-ordinate their activities. Responsible to the directive minds are the technical experts. They, too, must work into the hand of the superintendents

of] the manipulative operations. These latter, in their turn, must have a knowledge of the material they handle and of the workmen whose activities they direct. The workers themselves should be physically and mentally fitted for their individual jobs.

**MANURE.**—A general name for all substances used to render soil more fertile. The object is to supply lacking elements or to replace ingredients which have been abstracted from the soil by the crops grown upon it. Animal and vegetable refuse of all kinds is used for this purpose. Guano (*qv*) is one of the most valuable natural manures, but these are rapidly being displaced by artificial preparations, made in many cases from bones, which yield the requisite phosphatic element. Phosphoric acid is now obtained chiefly from slag (*qv*). Among the other important manures are lime, kaimite, sulphate of ammonia, and nitrate of soda, which are treated separately.

**MAPLE.**—More than fifty different species of trees are known by this name. One of the North American varieties exudes quantities of sweet sap from which sugar is obtained. The wood of the maple tree is usually close grained, satiny, and beautifully marked. It is in great demand for cabinet work. Musical instruments are made from the sycamore maple, and a commoner variety, known as white maple, is used for wood paving. Maples grow extensively in Japan and in other temperate countries.

**MARASCHINO.**—A liqueur prepared, like Kirschwasser, from cherries by distillation. The fruit used in this case is the Marasca cherry of Dalmatia, and the most delicate Maraschino comes from the Dalmatian port of Zara.

**MARBLE.**—Strictly speaking, this name should be confined to purely crystalline limestone, but it is frequently applied to other limestones used for decorative purposes. The latter are found in Derbyshire, Bristol, Devonshire, and other parts of the British Isles, and in different parts of Europe. They are of various colours, including black, and are largely used for mantelpieces, ornaments, etc. Pure limestone yields white marble, which is employed almost exclusively for statuary. The best comes from the quarries of Carrara, in Italy. Red, yellow, black, and green varieties owe their colouring to the presence of mineral impurities. They are found in France, Spain, Portugal, and Greece, and are largely used for decorative purposes. Connemara is noted for a specially beautiful variety. Marble is extensively used for building purposes, but its use is not recommended in places where it would be exposed to the action of excessive rain or smoke. This stone is much imitated by painting a marble pattern on polished wood. A better imitation actually contains pieces of marble mixed into a solid mass by means of a hard cement. Paper is also vened to imitate marble. Among the places famous for special exports are Libya, which sends the blood red marble with white spots; Genoa, which exports a black variety with veins of yellow; and Smila, from which a yellow marble with violet veins is obtained.

**MARGARINE.**—A substitute for butter, made chiefly of beef fat and various vegetable oils. It was first manufactured in France, and later on it became an important article of commerce in Holland. More recently, it has become a great British industry. Since 1887 the sale of this article has been regulated in order to protect the

public anxious to obtain the genuine article. (See BUTTER AND MARGARINE.) Other names for the same product are butterine and oleomargarine.

**MARGIN.**—In speculations on the Stock Exchange, this term is used to signify the extreme point which a price must touch before the cover (*qv*) is exhausted. The word is sometimes considered as synonymous with cover.

In business matters generally the word "margin" has numerous uses, though it generally is intended to mean a kind of extreme above which or below which, as the case may be, prices must not go, otherwise business is impossible.

In banking, the margin is the difference between the amount of a loan advanced by a banker to a customer and the value of the security which is deposited against the loan.

**MARGINAL CREDIT.** Credit given by means of a marginal letter of credit, which is a letter of credit upon the margin of a bill form, authorising the annexed bill to be drawn at a certain currency for a given amount, and undertaking to meet the bill if drawn in accordance with the terms of the letter. (See LETTER OF CREDIT.)

#### MARGINAL NOTES, or MARGINAL RECEIPTS.

These are the receipts given by a banker to his customer for the amount received by him when crediting his customer with a discounted bill until such time as the bill has been paid. Interest is allowed upon this reserved portion at a specified rate, and the amount becomes a debt due by the bank. The receipt may stipulate that the banker will account for the money after taking against it any deficiency on other liabilities of the customer to him.

**MARINE INSURANCE.**—I. MARINE INSURANCE GENERALLY. Joseph Arnould, in his classic work on marine insurance, published in 1848, remarks in the advertisement or introduction—

"On looking back over the somewhat extensive field which has been traversed in collecting materials for this work, it is impossible to forbear asking why England should still continue the only mercantile State of civilised Europe without a code of shipping and insurance law." Notwithstanding the absence of a codifying Act was then regarded as a reproach, fifty-eight years passed ere, in 1906, an Act was passed "to codify the Law relating to Marine Insurance." This is significant, however, of the development of statute law from long custom and law merchant. English marine law has been so long established and opportunity given for appeal, and the ultimate decision of the House of Lords that the Act of 1906 may be regarded as a very safe and well founded statute, in all its ninety-four Sections. As indicative, however, of the progress of law and of the methods adopted in the marine insurance world to meet that law, it is interesting to note that the Act of 1906, in Section 60 (2) (ii) defines a constructive total loss of a ship as—

"she is so damaged by a peril insured against, that the cost of repairing the damage would exceed the value of the ship when repaired";

but shipowners have not always been satisfied with this view, and have sought to include the value of what remained of the wreck in the calculation (should the cost of repairs plus ship's proportion of salvage, etc., not amount to the value of the vessel) for a constructive total loss. In *M. Angel v. The Merchants Marine Insurance Company*, the Court of Appeal (1903) decided that the value of the wreck was not to be so included. The House of Lords, however, since the Act of 1906, decided in *Macbeth*

& Co. v. *The Maritime Insurance Company, Ltd.*, (*Aracania*, 1908), that the value of the wreck *must* be taken into consideration. This was an appeal from the two lower courts, the casualty having taken place in 1905. Underwriters, to meet this situation, immediately devised a "valuation" clause for insertion in hull policies, containing the words: "and nothing in respect of the damaged or break-up value of the vessel or wreck shall be taken into account." In the case of the *King Edward*, King's Bench Division, Dec., 1911, it was sought to obtain Mr. Justice Bray's ruling on this point in view of the House of Lords' decision after the Marine Insurance Act of 1906. His lordship pointed out that the Lords' decision was in respect of a casualty which took place in 1905, and that in view of the Statute of 1906 his decision must be that the value of the wreck was *not* to be added. The above clause, however, shows how underwriters or owners may contract themselves out of the law, and the above will serve to illustrate the uses of "clauses" as commonly inserted in policies of marine insurance.

The contract of marine insurance is one to indemnify the assured for actual loss sustained. It is subject to the ordinary law of contract (Sec. 91 (2)), and the primary essentials of contract, viz.: (a) offer and acceptance, (b) consideration, (c) capacity of parties to contract; (d) mutuality of understanding, and (e) legality of object are all contained or inferred in the contract of insurance. The contract must be embodied in a policy (Sec. 22), and the policy must be stamped for duty under the Stamp Act of 1891, and subsequent Finance Acts, if applicable. It will be seen by the form of policy contained in the first schedule of the Act of 1906 that the above essentials of contract law are practically carried out (a) in the premium inserted as resulting from the offer of the underwriters (*qv*) and its acceptance by the assured, (b) in the consideration which the underwriters acknowledge to have received, (c) the capacity of the parties to contract is a matter for watchfulness precedent to the issue of the policy, (d) mutuality of understanding is arrived at in the initial agreement on the premium slip, subsequently embodied in the terms of the policy, and (e) legality of object should be ascertained precedent to the issue of the policy.

In the employment of a broker, the conditions of agency are also involved. A marine insurance broker is regarded by the law merchant as a particular agent for a particular purpose, and not for general purposes, and as a particular agent he is assumed to have expert knowledge. His duties, as representing his principals, consist, mainly, in communicating all material information respecting the risks submitted to the underwriters, seeing that the customary and necessary clauses are inserted in the policy, and that the policy is properly stamped, signed, and generally in order. If he fails in his duty, he loses his right to remuneration, and may be subjected to an action for damages. According to the Stamp Act, 1891 (Sec. 97)—

"Every broker, agent, or other person negotiating or transacting any sea insurance upon material not duly stamped, shall for every such offence incur a fine of £100, and shall not have any legal claim to any charges for brokerage," etc.

The customary charge for brokerage for effecting insurance is 5 per cent. of the amount of the total

premium. The underwriter, in debiting the premium to the broker, deducts 5 per cent. for brokerage and a further 10 per cent. from the balance for discount. The broker, in turn, debits his principal with the full premium, less 10 per cent. discount on 95 per cent. of the premium. This discount is given subject to customary prompt payment. The broker also subsequently deducts 1 per cent. for commission from claims that may be collected from underwriters for his principals.

The underwriter looks to the broker for the premium and not to the principal, but the underwriter is liable to the assured for claims, though it is customary to pay them to the broker on production of the policy.

The method of effecting an insurance may be outlined shortly as follows: The broker writes the details briefly on a small slip of paper called the "slip," and submits the same to the underwriter, who quotes a premium for the risk. If this is accepted by the broker, the underwriter initials the "slip" and inserts the amount underwritten by him. The same "slip" will do for any number of underwriters. The broker thereupon advises his principal, and in order that the terms and conditions may be clearly understood by the principal, a *pro forma* policy is sometimes sent to him. This is not a copy of the policy, for such may not be issued before a policy has been stamped (Stamp Act, 1891, Sec. 97 (3)). This communication of the preliminary agreement, or, as may be, of an offer and acceptance "subject to approval," is advisable if only to obtain the tacit consent of the principal.

The premium "slip" as the basis of the agreement between underwriter and assured, and the method of its presentation, is very important. All material facts relative to the insurance must be disclosed, and any special warranties or clauses must be mentioned therein (Act, 1906, Sec. 19). In the *Gunford* case, the House of Lords (June, 1911), decided against the shipowners in an appeal to recover a total loss, in view of the fact that certain other insurances on disbursements, and particularly on P. P. I. policies had not been disclosed to the underwriters. The contract of insurance is regarded as one of the utmost good faith (*uberrimæ fidei* [*qv*]), and any representations made by the broker to the underwriter at the time of its submission may be of great importance both in their current and after effect. The underwriter might be induced by these representations to lower the rate of quotation, or, he might decline the risk altogether but for some positive representation on the broker's part, which, although not mentioned in the slip, satisfied him as regards the fulfilment of some desirable adjunct to the conditions. Should such a positive representation subsequently prove false, or of no foundation in fact, the underwriter may avoid the policy. Representations of mere "belief," however, proving subsequently fallacious, would not avoid the policy. Agreements of the nature of promissory warranties must be detailed in the "slip," and any subsequent breach avoids the policy from the time of such breach. It does not even matter, that the breach of the warranty has not proved injurious, it is a condition the non-fulfilment of which *ipso facto* avoids the policy from the crucial moment.

The broker, having notified his principal of the terms of the insurance, takes the necessary steps for the issue of a policy, for the "slip" itself may

not be stamped as a policy. As regards Lloyd's underwriters, it is customary for the broker, who keeps a stock of Lloyd's policy forms, to prepare the policy himself, but before signature he must send the policy to be duly stamped to cover the amount assured. (See **STAMP DUTIES**.)

As regards the underwriting companies, a "long slip" is filled in by the brokers and sent in together with the premium "slip," and from this the company prepares a policy which, after signature, is retained until called for. The signing of a Lloyd's policy is a different matter. The custom there is for one underwriter to represent and transact business for other names. These names are embodied usually in a rubber stamp, which records for what proportion of the risk each underwriter is liable. This stamp may be impressed upon the policy by a subordinate individual, who writes in the amount insured and signs his own name thereto. It must be remembered that a group of Lloyd's names carries no joint liability. Each is only liable for his own proportion of the risk.

A form of policy (Lloyd's S. G. policy) is included in the first Schedule of the Act of 1906. These letters S. G. are traditional only, and probably represent the Italian words *sonno grande*, meaning total sum insured. This form of policy is not compulsory, and, indeed, may only be subscribed by underwriting members of Lloyd's, when the anchor stamp appears thereon. There are certain points, however, which all policies must specify (Act 1906, Sec. 23):

- "(1) The name of the assured, or of some person who effects the insurance on his behalf.
- "(2) The subject matter insured and the risk insured against.
- "(3) The voyage, or period of time, or both, as the case may be, covered by the insurance.
- "(4) The sum or sums insured.
- "(5) The name or names of the insurers."

The above matters involve a certain amount of expressive wording, particularly as regards the risks insured against, so that the commonly accepted form of policy reads very similarly to the Lloyd's form referred to above. This form was adopted so long ago as the year 1779.

Beyond the bare outline of the printed policy and without the addition of Clauses, or of promissory warranties, the law merchant, as now corroborated by the Act of 1906 (Secs. 39 and 41), deems that there are unexpressed but implied warranties or seaworthiness on the part of the assured, attaching to voyage policies on vessels, and also of legality of object in both hull and cargo policies. There is no implied warranty, however, that the cargo is seaworthy, or that a vessel insured on a time policy is seaworthy.

In the effecting of a policy of insurance, there are many points of importance to be borne in mind which cannot be referred to at any length in a short article like the present. Such are Insurable Interest, Gambling Policies (Policy Proofs of Interest), Duration of Risk, Double Insurance, Reinsurance, Implied Warranties, Implied Conditions, Express Conditions, Slip, Different Kinds of Policies, and Clauses, for which see separate headings.

The form of policy may be outlined here for purposes of explanation, but the actual form may be seen in the first Schedule of the Act of 1906.

*Be it known that . . .* (The assured effects an insurance.)

*Lost or not lost . . .* (To cover the contingency of what may have happened unbeknown to the parties.)

*At and from . . .* (The term "from" would not cover casualties at the port of departure before sailing.)

*-----* (A space is here left for insertion of details of voyage or term of insurance.)

*Upon any kinds of Goods . . .* (Character of Goods.)

*And also upon the good ship or vessel . . .* (Name of Vessel.)

*Beginning the adventure upon the said goods . . .* (Details.)

*Upon the said ship . . .* (Details.)

*And so shall continue and endure . . .*

*Until she hath moored at anchor twenty-four hours in good safety.*

*And upon the goods until the same be there discharged and safely landed.*

The termination of the risk in the vessel itself is after it has been moored safely, i.e., in order to discharge safely, at the place of destination, and free from arrest or embargo for twenty-four hours. The risk on the goods continues until delivered in the customary manner and in a reasonable time.

*And it shall be lawful for the said ship, etc., in this voyage to proceed and sail to and touch and stay at any ports or places whatsoever.*

"In the customary manner only. If the places of call are set out in the policy, then the voyage must be pursued in the same order" (Act 1906, Secs. 46 and 47).

Non deviation is usually included with seaworthiness and legality of object in the "implied" warranties, but it is not so included in the Act of 1906, probably because there are so many lawful reasons for deviation, and there are none to explain away unseaworthiness or illegality of object.

*The said ship, etc., goods . . . shall be valued at . . .*

Act 1906 Sec. 27 [3] says -

"In the absence of fraud, the value fixed by the policy is, as between the insurer and assured, conclusive of the insurable value of the subject."

The insertion of a definite total value prevents subsequent dispute, and serves at the same time as an exact guide to the proportion of each underwriter's liability. If a definite value be not inserted in the policy at the outset, then it will be necessary in case of claim subsequently to compute the value in the legally prescribed manner. (See Act 1906, Sec. 46) -

"The insurable value of ship is the value at the commencement of the risk, including her outfit, provisions, and stores for the officers and crew, money advanced for seamen's wages, and other disbursements (if any) incurred to make the ship fit for the voyage . . . plus the charges of insurance upon the whole."

In the case of a steamer, the bunker coals and engine stores may be included. The insurable value of freight—

"is the gross amount of the freight at the risk of the assured, plus the charges of insurance."

The insurable value of goods—

"is the prime cost of the property, plus the expenses of, and incidental to, shipping, and the charges of insurance upon the whole."

"In insurance on any other subject-matter, the insurable value is the amount at the risk of the assured when the policy attaches, plus the charges of insurance."

It will be noticed that no mention is made of profit that may be included in the insurable value of cargo. As regards the ship, her value as above computed about the time of her loss might fall very far short of her initial cost to the owner. It is an almost invariable practice, however, to insert the value in both ship and cargo policies. In "floating" policies on cargo it is customary to provide for a definite profit to be added to the prime cost.

*Following the averse forces and perils which we the assureds are contented to bear, and do take upon us in this voyage, they are—*

*Of the seas,*

This does not include the ordinary action of the winds and waves. (See Rules for Construction of Policy, first Schedule.) But it includes heavy weather, damage by stranding, and striking submerged objects, and collision with other vessels. It does not, however, include damage done to other vessels in collision (*De Laure v. Salazar*, 1836).

*Men of War*

This is commonly known as the War Risk. By a special resolution at a meeting of underwriters in 1898, it was agreed to delete this risk from the policy, and this was effected by the subsequent insertion of the F. C. and S. Clause (Fire of Capture and Seizure). A modification has recently been made, many underwriters having agreed to retain the policy in its original form, subject to the reservation that on giving a fortnight's notice the War Risk may be extended until a special extra premium be paid.

*Fire,*

By accident or lightning, but not from explosion of steam which causes no damage by ignition. Nor goods burnt by spontaneous combustion resulting from vice propre.

*Enemies, pirates, robbers, thieves, jettisons, letters of mart and countermart, assaults, taking at sea, arrests, restraints and detentions of all kinds, princes, and people, of what nation, condition, or quality soever, barratry of the master and mariners.*

"Enemies" includes passengers who mutiny, and robbers who attack the ship from the shore. "Jettisons" mean loss through throwing overboard of anything for the safety of all concerned. "Letters of Mart and Countermart," commissions granted by Governments to inflict injury on an enemy's shipping; "Barratry" includes every wrongful act wilfully committed by the master or crew.

*And of all other perils, losses, and misfortunes*

Means only perils of a like nature—*epidem generis*

It may be stated here that an underwriter is *not* liable for the following—

(a) Any loss attributable to the wilful misconduct of the assured.

(b) Any loss proximately caused by delay.

(c) Any loss through the inherent vice of the subject-matter insured.

(d) Any injury to machinery not proximately caused by perils of the sea.

(e) Any loss proximately caused by vermin.

(f) Any loss not proximately caused by a peril insured against (Act 1906, Sec. 55).

What is a proximate cause of damage is a difficult matter for a person outside the marine insurance world to understand, and it is advisable at this juncture to illustrate the dictum "*causa proxima non remota spectatur*."

For instance, damage proximately caused by vermin (e) above), as where rats eat into bags of edible matter, carried as cargo, does not force a claim upon underwriter, because this is not a peril of the sea, but if rats gnaw through a leaden pipe, thus allowing sea water to enter a hold, the proximate cause of damage is the sea water and not the rats, and such damage has been held as recoverable from underwriters (*Lacey v. Dow*, 1852). Again, a vessel insured free of capture and seizure, but covering barratry, was seized by Spanish Revenue officers for smuggling on the part of the captain, and in a subsequent action of the owners against the underwriters to recover expenses incurred to procure the release of vessel, etc., the court held that the underwriters were not liable, as the immediate cause of the expense was the seizure of the vessel and not the smuggling or barratrous act of the captain (*Cox v. Bior*, 1883). In another case it would seem as if such, equitably at any rate, the claimants should have won their case, but the law miserably abided by the rule. In the case a cargo of oranges was insured free from partial loss unless consequent on collision with another ship. The vessel came into collision, and put into an intermediate port for repairs. It was found necessary to discharge a portion of the cargo to effect repairs, and the fruit was damaged by the process of handling. The court held that the proximate cause of damage was the handling and not the collision, and non-suited the plaintiffs (*Pink v. Fleming*, 1890).

To return to the wording of the policy—

*And in case of any loss or misfortune, it shall be lawful to the assured, their factors, servants and assigns, to sue, labour, and travel for, in and about the defence, safeguard and recovery of the said goods and merchandise, and ships, etc.*

This is called the "Sue and Labour" Clause.)

Expenses of an owner incurred with a view to minimizing loss or damage are recoverable, irrespective of the "franchise" or amount of damages necessary to make a claim upon the policy as per the terms of the Memorandum, but these may not be added to a small damage with a view to bringing that damage up to a franchise. Particular charges as distinct from sue and labour charges, are charges incurred on behalf of special interests, with a view to minimizing loss, etc., and these are apportionable to those interests, and are likewise recoverable from the underwriters irrespective of franchise. The main difference in the matter of recovery between those two classes of charges appears to rest on the fact that the "Sue and Labour" Clause is a separate agreement incorporated in the policy.

under which the underwriters agree to make good such charges, whereas the claim for special or particular charges would be dealt with in the customary manner of apportionment over the value, and should the value of the interest be in excess of the policy value, underwriters would only pay a rateable proportion.

*And it is especially declared and agreed that no act of the insurer or insured in recovering, saving, or preserving the property insured shall be considered as a waiver or acceptance of abandonment.*

These words, called the "Waiver" Clause, entitle both the insurer and the assured to take steps to mitigate a loss, notwithstanding a notice of abandonment may have been given by the assured and declined by the underwriter.

In cases where the subject-matter has been formally abandoned by the assured by notice to the underwriter, and has been declined by the latter, the assured must issue a writ for the enforcement of his claim, and it is the circumstances actually prevailing at the time of the issue of the writ which become the criteria as to whether the subject-matter was indeed a total loss. Thus, when a vessel captured during the Japanese and Chinese war was formally abandoned to the underwriters and a writ issued, but the vessel was subsequently released, the court held that the vessel at the time of the issue of the writ was indeed a total loss, because so stated in the terms of the policy, and the underwriters were condemned to pay (*Ross v. Royal Exchange Assurance Corporation*, 1897).

Notice of abandonment is not necessary where the property is irrevocably lost and where no possible benefit of salvage may accrue, but otherwise notice should be given. With a view to avoiding unnecessary costs, underwriters in declining notice of abandonment usually undertake to place the assured in the same position as if he had actually issued a writ.

The policy concludes—

*N.B. — Corn, fish, salt, fruit, flour, and seed are warranted free from average unless general, or the ship be stranded; sugar, tobacco, hemp, flax, hides and skins are warranted free from average, under 15 per cent, and all other goods, also the ship and freight, are warranted free from average under 13 per cent, unless general, or the ship be stranded.*

This constitutes what is commonly known as the memorandum of the policy. The first part of it represents the "Free of Particular Average" Clause, but in the separate clause this has been somewhat added to, and at the same time the specified items of corn, etc., have been left out, so that the F.P.A. clause may be inserted in a policy on hull or cargo. The effect of the words "or the ship be stranded" is to cancel the warranty upon the vessel's stranding. A stranding, however, must be of such a character as to absolutely stop the ship's way. To strike and rest upon a sunken object, which itself is resting on the bottom, has been held to be a strand. On the other hand, a mere grounding in a tidal river as the tide ebbs is not considered technically a strand.

It is very important to remember that should the f.p.a. warranty become cancelled by a stranding of the vessel, not only is the damage sustained thereby by the subject-matter insured recoverable, but damage that may otherwise have been sustained by the cargo in the course of the voyage is recoverable, providing the cargo was on board at the time

when the vessel stranded. "Unless general" means except general average claims, for these are recoverable, however small. A General Average claim, according to Section 66, Act 1906—

"is a loss caused by or directly consequential on a General Average Act. It includes a General Average expenditure as well as a General Average sacrifice."

there is a general average act where any extraordinary sacrifice or expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property imperilled in the common adventure."

The memorandum practically introduces us to the subject of possible claims upon the policy. It must be noted at the outset that all insurances on the "all risks" basis are subject to the 3 per cent "franchise" or limit, below which no claims are paid by underwriters unless for general average or stranding.

Claims generally may be divided into those of Total Loss or Constructive Total Loss, General Average and Salvage, Particular Average, and Damage Done. The last class of claim, however, cannot arise on a policy without the Collision Clause is especially inserted. A common form of Collision Clause is here given: "And it is further agreed that if the ship hereby insured shall come into collision with any other ship or vessel, and the assured shall, in consequence thereof, become liable to pay, and shall pay by way of damages to any other person or persons any sum or sums not exceeding in respect of any one such collision the value of the ship hereby insured, this company will pay the assured such proportion of three-fourths of such sum or sums so paid as its subscription hereto bears to the value of the ship hereby insured, and in cases in which the liability of the ship has been contested, or proceedings have been taken to limit liability, with the consent in writing of this company, the company will also pay a like proportion of three-fourths of the costs which the assured shall thereby incur, or be compelled to pay; but when both vessels are to blame, then, unless the liability of the owners of one or of both of such vessels be only limited by law, claims under this clause shall be settled on the principle of cross liabilities, as if the owners of each vessel had been compelled to pay to the owners of the other of such vessels such one-half or other proportion of the latter's damage as may have been properly allowed in ascertaining the balance or sum payable by or to the assured in consequence of such collision."

Slight verbal alterations would be made when the clause is used by Lloyd's underwriters.

The number of Damage Done Claims is due to the fact that ports and riverways are usually thronged with craft of all sizes, and in spite of the usual lookout and precautionary slackening of speed, collisions are frequently almost inevitable owing to the lack of space for navigating the vessel. With a view to making owners and their captains particularly cautious, underwriters only undertake to pay their proportion of three-fourths of such claims. The remaining one-fourth the owner must bear himself, but he may and does usually insure his liability thereon in some other quarter.

Beyond the Collision Clause, there are other very important clauses usually inserted in policies for vessels, and which may be found in what are called the Institute Time Clauses. Some of the most

important of these are here indicated. There are also similar clauses, as applicable, included in voyage and cargo policies:—

*In port and at sea, in docks and graving docks, and on rivers, creeks, and fringing, at all times, in all places, and on all occasions, on rivers, and trades wharves and wharves ever, under steam or sail, with leave to sail with or without pilots, to tow and assist vessels or craft in all situations, and to be towed, and to go on trial trips.*

This clause is usually inserted in a Lloyd's Time policy, and extends underwriters' liability to cover perils to which a vessel is exposed in positions other than the following of her customary employment, in fact, "on all occasions."

*The insurance also specially covers and subject to the Terms of Average warranty, covers damage to hull, machinery, boilers, the machinery of masts, masts, chimneys or funnels or through collision, bursting of the breaking of shafts, or through the latent defect in the machinery or hull, etc.*

This is commonly known as the Negligence Clause or "Inchmaree" Clause. This was the name of a vessel which, in firing her boilers in March, 1884, sustained damage to her donkey pump, in consequence of someone neglecting to open a certain boiler valve, and in consequence of which water was forced back into the pump, thus bursting the air chamber. With a view to testing underwriters' liability to pay machinery damage claims resulting from the negligence of engineers or crew, the case was made a test case, and the House of Lords decided against the vessel (*Hamilton v. Thames and Mersey Marine Insurance Company*, 1887), reversing the decisions of the Queen's Bench and the Court of Appeal. The clause is extended to cover latent defects in the machinery, etc., which would not be otherwise recoverable.

*Insurance made on each valuation separately, or on the whole without deduction of thirds, new for old, whether the average be particular or general.*

This is intended to give the owners the benefit of a small franchise for claims, viz.: either 3 per cent on the hull or the machinery value, according to whether the damage is on the hull or the machinery. What is more important still, it does away with the customary deduction of one third, new for old, from repairs after a vessel's first voyage, or after the first year as regards damage made good in General Average.

*Warranted free from particular average under 3 per cent, but, nevertheless, when the vessel shall have been stranded, sunk, on fire, or in collision with any other ship or vessel, underwriters shall pay the damage occasioned thereby, etc.*

This is an extension of the F.P.A. warranty in the memorandum, extending to owners the recovery of claims below 3 per cent, not only when the vessel has stranded, but after sinking, burning, or collision with any other ship or vessel.

*Grounding in the Suez Canal, or in the Manchester Ship Canal, or its connections, or in the River Mersey, above Rock Ferry Ship, or in the River Plate above Buenos Aires, or its tributaries, or in the Danube, Demerara, or Bilbao River, or on the Yembele or Bilbao Bar, shall not be deemed to be a stranding.*

As groundings in these places are exceedingly

frequent owing to the shallowness and narrowness of channels, etc., claims for such groundings or strandings are not recoverable under this clause, where the claims amount to less than 3 per cent.

*General Average and Salvage to be adjusted according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject, or if the contract of affreightment so provides, a reference to York Antwerp Rules, etc.*

The general practice is for the G.A. to be apportioned in accordance with the law of the country where the voyage terminates, or where ship and cargo part company. This clause consents to apportionment under the York Antwerp Rules, as it is becoming very common among maritime nations to adopt these rules as a common basis of agreement and apportionment.

*In ascertaining whether the vessel is a constructive total loss, the insured value shall be taken as the reference value, and nothing in respect of the damaged or break up value of the vessel, or wreck, shall be taken into account.*

This is known as the Valuation Clause. With a view to a clear issue in the matter of ascertaining whether a vessel is or is not a constructive total loss, underwriters favour taking the value in the policy as the amount up to which repairs and vessel's proportion of salvage charges, etc., must reach, to prove that a total loss is due from underwriters on the policy.

*In the event of accident whereby loss or damage may result in a claim under this policy, notice shall be given in writing to the underwriters where practicable, and whenever the extent of the damage is ascertainable the underwriters may take or may require the assured to take tenders for the repair of such damage, etc.*

This is the Tender Clause. The object is to bring competition to bear in contracts for repairs of vessels. The prices quoted under such circumstances sometimes vary as much as 100 per cent. This may be due, perhaps, to the fact that certain ship-repairing yards are full up at the time, and are not in want of work.

*To return 1 per cent for each uncommenced month, if it be mutually agreed to cancel this policy. As follows for each consecutive thirty day period it may be laid up in port and arrival.*

This is known as the Cancellation and Laying-up Returns Clause, and its meaning is self-evident. The effect of the words "and arrival" is that returns are not allowable should the vessel be lost.

**2. INSURABLE INTEREST.** In marine insurance a person is deemed to have insurable interest in a thing if by its loss or damage he might suffer some pecuniary loss (Act 1906, Sec. 5). The term must not be confused with insurable value, the latter term signifying the amount for which any insurable interest may be valued for insurance purposes, it not actually stated in the policy. It is clear that an owner of a vessel, or co-owners, may insure, also owners of cargo. Expected profit on sale of cargo may also be insured if included at the inception of the policy, but if not so included, and the cargo is damaged or lost, then in ascertaining the insurable value of the loss, estimated profit may not be added. The charges attached to the shipping of the cargo, also the cost of insuring



may be insured, because the loss of the cargo would also mean the loss of all disbursements in connection with same, and which would all be included in the selling price.

A shipowner may insure his freight to be earned by the carriage of the cargo. On the other hand, a British shipowner who is not properly registered may not insure freight; "For the right to freight results from the right of ownership, and if the assured have no title to the ship, they have no interest in the freight." An owner of a "tramp" vessel may not insure mere prospective freight, but any freight for which he has an agreement enforceable at law, he may insure. Thus, an owner may insure chartered freight, i.e., freight to be earned under an agreement, or, again, hire money for the charter of his vessel to a second party. The right to insure any part of freight advanced to a shipowner vests in the owner of the cargo. An owner or charterer may also insure disbursements on account of the expenses of the voyage, for stores, etc., or advances made on account of wages to officers and crew. Premiums of insurance on vessels and freights may also be insured.

Bottomry or respondentia loans raised by captains in foreign ports on the security of vessel or cargo, to enable the vessel or cargo, or both of them, to complete the voyage, are insurable by the parties making the loans. Should the advances be recoverable irrespective of the security of the ship or cargo, then they would not be insurable.

A salvor's lien on ship and cargo, or an owner's advances on account of general average disbursements applying to cargo, or a wharfinger's liability on goods in his possession, are all subjects of insurable interest.

Second or third parties interested in some way or other in the preceding subjects of insurance are also entitled to insure their particular interest. A mortgagee may insure his advances upon the ship (Act 1906, Sec. 14). An insurance broker as agent for his principal has an insurable interest in the property. An underwriter or insurer has an insurable interest in his risk, and may re-insure it.

A commission agent who has been instructed to sell a cargo and can produce legal evidence of same, is equally entitled to insure against his loss of commission should the cargo be lost.

**3. GAMBLING POLICIES OR POLICIES PROOF OF INTEREST.** These policies are expressly forbidden by the Marine Insurance Act of 1906 (Sec. 1). In particular, where there is no insurable interest at stake, or where a policy is issued "without further proof of interest than the policy itself," usually called P.P.I. policies, such policies are not enforceable at law.

On the other hand, a P.P.I. policy is a frequent form of insurance at Lloyd's to cover quite insurable interests, but interests which are not of such concrete or definable natures as those referred to under *Insurable Interest (q.v.)*, or the values of which it is desired should be accepted without further proof than the signed policy of the underwriter. These policies, designated Honour Policies, as the name implies, are very rarely indeed contested by an underwriter, as they are *ipso facto* void at law.

It may be that the facilities for gambling engendered by this form of policy—though quite unintentional on the part of the underwriter—led to the insuring of so-called "spotted ships," which

resulted in the passing of the Gambling Policies Act, otherwise known as the Marine Insurance Act, 1909.

The chief object of this is that any person effecting insurance without *bond fide* interest or any person acting with owners effecting the same without benefit of salvage—interest or no interest—is liable to six months' imprisonment or a fine of £100.

The term here used "without benefit of salvage" is indicative of the possible vagabond nature of the risk: as the stendary would say of the vagrant, "having no visible means of support." By Marine Insurance law, an underwriter who pays for a total loss on either ship or goods becomes entitled by subrogation to any property remaining. If there be no possible benefit of salvage, it would appear there could have been no substantive risk, hence the use of the expression "without benefit of salvage" in the Act of 1909. It is quite possible, however, as the Act of 1906 recognises (Sec. 4 (b)), that there can be insurable interests where there is no possibility of salvage. For instance, an insurance against total loss on a "Success Policy" on a sailing expedition might rightly carry the words: "Without benefit of salvage," for in case of total loss of vessel and equipment, the prospective profits attaching to success could not be realised. The words may be illustrated again in those interests of second parties which fall short of property, but stand in the relation of equitable right to insurance.

Though there may be no benefit of salvage to the underwriter, the assured's relation to the subject-matter must be that, if not insured, he would either suffer actual loss or fail to derive a legitimate gain in the event of disaster, the legal idea of marine insurance being purely that of indemnity or compensation.

**4. DURATION OF RISK.** The period of duration of a maritime risk is fixed by express terms in the policy, or is governed by custom and the law merchant (Act 1906, Sec. 2 (1)). In a time policy for hulls, the period is set out as from noon or midnight of such and such a date to noon or midnight of another date. Midnight is the legal time, if not otherwise stated. Under the Stamp Act of 1891 (Sec. 93 (2)), no marine policy for time may be issued for a further period than twelve months. This is, of course, a purely arbitrary law for Revenue stamp duties. As regards voyage policies, the voyage may be set out as at and from such a place or places to such and such a place or places, the policy containing the words "until she hath moored at anchor twenty-four hours in good safety." If the wording is "from" such a place merely, the risk does not attach until the vessel sails on her voyage. At the same time, there is an implication that the voyage shall shortly be commenced, and any undue or uncustomary delay would void the policy. As regards the termination of the voyage, this is not merely on arrival at the given port, but the risk of underwriters is continued until the vessel has been moored for twenty-four hours in safety at the port. By "good safety" does not mean that the vessel has sustained no damage, but that having arrived and lying moored in good safety (*Shaw v. Mallon*) for twenty-four hours, underwriters' risk ceases as regards subsequent events. The mooring, however, must be one to allow of discharge of cargo (*Hapley v. Farnes*), if the vessel have cargo on board. The vessel must also be free from actual arrest or embargo (*Minett v.*

*Anderson*) As regards policies on goods, the duration of risk is much more difficult to determine, the time for loading and unloading and delivery of the goods becoming involved by the custom of the port or trade. The Lloyd's S. G. form of policy, a form of policy recognised by the Marine Insurance Act of 1906 (Sec. 30), contains the following words as applicable to insurance on goods:

*Lost or not lost at and from* *upon any*  
*kind of goods and merchandises* *beginning*  
*the adventures upon the said goods and merchandises*  
*from the loading thereof aboard the said ship* *and so shall continue and endure during her abode*  
*there* *until the said goods and merchandises*  
*whatsoever shall be arrived at* *and upon*  
*the goods and merchandises until the same be there*  
*discharged and safely landed*

If the insurance is "from the loading thereof on board," the risk does not commence until such goods are actually on board (Marine Insurance Act, 1906—Rules for Construction of the Policy 4). It will be noticed that no fixed time is mentioned in the above policy word in which the goods are to be delivered at destination. The rule is that they must be delivered or landed within a reasonable time. Where by custom of the port goods are conveyed by lighters, etc., to the wharf, underwriters are liable for loss during such conveyance, but where a merchant voluntarily receives the goods into his own care by taking delivery over rail into his own lighters, underwriters' liability ceases. When the goods are landed according to the usual custom of the port, they are deemed to have been delivered. It is usual, however, for brokers to insert special clauses in the policy whereby any ambiguity as regards termination of the risk is done away with, as in the following clause:

"Underwriters continuing their risk from the original departure of the goods from the warehouse, factory, or other depot, until arrival at their final destination in the interior or elsewhere, and/or into consignees' warehouse, also risk of transshipment and whilst awaiting same."

5. DOUBLE INSURANCE.—In marine insurance this sometimes happens inadvertently, as when a shipper and a consignee have both effected an insurance upon the goods, or a merchant expecting consignments from abroad effects an insurance thereon, which, subsequently, he has reason to think may be insufficient to cover the risk, and he accordingly effects a second insurance, and, perhaps, with different underwriters. On receipt of notice he finds he has covered too much. Should the total value fall short of the amount covered by the two policies, then, if the policies were effected with the same underwriter, he will recover the amount of loss only. But, if the insurance were effected with different underwriters, then—

(1) If the two policies were taken out for equal amounts and values, or with no declared value, in which latter case the insurable value is taken, the assured may claim his loss under either of the two policies, or both if one policy is not sufficient to cover the loss. The underwriters in turn, are entitled to an equal apportionment of the loss as between themselves.

(2) If the two policies were taken out for unequal amounts and no declared value, the assured may recover his loss on the larger policy, if possible (for the amount of its insurable value), and the

underwriter on the larger policy is entitled to a ratable recovery from the second and smaller policy (*Nash v. Reid*, 1763, 1 W Bl. 416).

(3) If the two policies are taken out for unequal amounts and values, the assured is entitled to claim indemnity on the basis of the higher valuation (if he can prove value to that extent) (*Bousfield v. Barnes*). But the double insurance is regarded only as applying to the lower valuation.

(4) If the policies are of the same valuation but for different amounts, the assured may claim as before on the one policy, or on both, if the one is not sufficient to cover his claim, but he may not recover more than the valuation in the policies, for where the two valuations are of the same amount, this is regarded as conclusive evidence of the insurable value of the goods (*Living v. Richardson*).

If the proved insurable value, however, is in excess of the insurances, the assured is regarded as his own underwriter to that extent. Where a double insurance has been effected unwittingly, a proportionate part of the several premiums is returnable by the underwriters according to circumstances (Act 1906, Sec. 81, ss. 3 (1)). But where one policy of antecedent date has run the risk of a total loss, no premium is returnable thereon.

A double insurance may be perfectly legal. It may arise inadvertently as above, and be subject to subsequent adjustment between the parties, or two different persons may insure the same thing, having distinct interests in the thing. Thus, strictly speaking, does not constitute a "double" insurance. Thus a shipowner may insure his vessel for full value, and a mortgagee may also insure, for example, one-fourth of the value of the same vessel for loans secured by the mortgage. If the vessel be lost, the shipowner requires a replacement value wherewith to buy a new vessel. The mortgagee, by insurance, realises the value of the security lost (Act 1906, Sec. 14 (1)).

6. RE-INSURANCE.—By the Marine Insurance Act, 1906, (Sec. 9), "The insurer under a contract of marine insurance has an insurable interest in his risk, and may re-insure in respect of it." The Stamp Act of 1891 (Sec. 92) states that a "policy of re-insurance" includes re-insurance, and each policy of re-insurance must be stamped (Sec. 97). Beyond the re-insurance of special risks that are sometimes effected by underwriters through brokers at possibly higher premiums than the original rate (risk accepted together with other risks of a very desirable character, rather than allow the business to pass them), there is a far more important class of re-insurance effected by them, and particularly by large company underwriters having branches in this and, perhaps, in other countries. One of the characteristics of a company with branch establishments is that lines may be written on risks that have already been accepted by another of them, or upon which the head office has already accepted re-insurance lines. On a company may decide to limit its risks in certain classes of trade, or on vessels of certain ownership. On revision by the head office it is often found necessary to pass business on to re-insurers. Furthermore, very extensive risks are accepted on produce, on consignments under "open cover" insurance on this class of business may be very profitable, besides being very large, and of a permanent type of character. The proprietors of tea or coffee estates, for instance, or merchants having extensive contracts with them, may require

to ship the season's produce as convenient to themselves in the matter of time of delivery on the coast, and of suitable vessels at suitable freights offering, and for this purpose underwriters are requested to afford "cover" and insurance. As such produce may prove of very great value, running to hundreds of thousands of pounds, and the ultimate extent and value of which cannot be declared at the outset, it is usual for underwriters giving this cover to enter into agreement with other underwriters to cover the excess of a certain amount and to arrange for an exchange of surplus insurance of this and the above-mentioned characters. Re-insurance cover and policies are effected usually on original terms, with a special clause reading "Being a re-insurance subject to all clauses and conditions of original policy or policies, and to pay as may be paid thereon."

**7 IMPLIED WARRANTIES.** A warranty in marine insurance means a promissory warranty, that is to say, a warranty "by which the assured undertakes that some particular thing shall or shall not be done, or that some condition shall be fulfilled, or whereby he affirms or negatives the existence of a particular state of facts (Act 1906, Sec. 33 (1))." Such a warranty must be exactly complied with, whether material to the insurance or not. An express warranty will, of course, appear in the policy, but there are also implied warranties which are so tacitly understood by virtue of their nature, that they are not mentioned in the policy at all, though equally binding upon the assured. These are that the vessel shall be seaworthy and that the adventure insured is a lawful one. As regards seaworthiness, owing to the nature of things, this cannot apply to Time Policies, because a vessel might be at sea at the termination of her period, and in the absence of information no one could guarantee her then seaworthiness for the new period about to ensue. A vessel is deemed to be seaworthy "When she is reasonably fit in all respects to encounter the ordinary perils of the seas of the adventure insured" (Act 1906, Sec. 39 (4)). By "in all respects" is implied not only that she is tight and staunch, but that she is properly manned and found for navigation purposes, including a sufficiency of coal or fuel, if a steamer, to enable her to reach customary ports for re-fuelling. With regard to legality of object, the vessel must not be engaged in an unlawful trade nor in any adventure which is opposed to the national interests. Thus it would not be lawful to effect an insurance on an enemy's shipping. It was a common practice a few years ago to include non-deviation as an implied warranty. The Act of 1906 does not so refer to it; perhaps because there may be many lawful reasons for deviation, whereas there are no lawful reasons for unseaworthiness or illegality of object. Any breach of an express or implied warranty will avoid the policy from the time of commitment.

**8 IMPLIED CONDITIONS.** In marine insurance this is simply a condition which is not expressed in the policy. There is an implied condition that a broker or principal shall give all material information to an underwriter when submitting a risk; and any concealment of a material point, i.e., one which would in the ordinary course lead an underwriter to ask for a higher premium, or to refuse a risk altogether, would entitle the underwriter to

avoid the policy. Thus in an appeal to the House of Lords (the case of the *Gunford*, 1911) it was laid down in the judgment that the existence of P.P.I. policies for extra insurance on the vessel should have been disclosed to the underwriters by the brokers when effecting the insurance on the ordinary hull risk, and that non-disclosure of these avoided the other policies.

In an insurance of cargo, "from" one place to another and "until there discharged" there is an implied condition that the vessel shall sail in a reasonable time, and also that the discharge shall be carried out in a reasonable time according to circumstances. There is also an implied condition that the vessel shall prosecute her voyage in the customary manner and without any unnecessary deviation. In the case of a ship declared to be a neutral ship, there is an implied condition that she shall be properly documented.

**9 EXPRESS CONDITIONS.** An express condition in marine insurance is inserted in the policy. It is of the nature of a warranty, and must be complied with. Any breach would entitle an underwriter to rescind the contract. A positive representation that a vessel, for instance, is a "neutral" ship, or that a vessel shall "sail" before a certain date, would form express conditions, as an underwriter to whom such positive representations were made might be led thereby to accept a risk which he would otherwise have declined. Any infringement of an express condition, such as "no Baltic," or to carry "no ore"; or where a particular captain's name is inserted by an underwriter when accepting a risk, on the understanding that the risk would not be accepted otherwise, would entitle the underwriter to avoid the contract.

Richard Lowndes, in his *Law of Marine Insurance* (2nd ed. 1902), apparently regards conditions as only being different from warranties, in that the latter are expressed in the policy. He says: "A warranty is a condition written on the face of the policy, whether in the body or in the margin, whether in a line with the other writing or transverse." A representation may be made into a warranty by simply writing it into the policy, and its character is then changed. The word 'warranty' is not necessary.

So far as all practical purposes are concerned, the Act of 1906 (Secs. 33 to 36) treats express and implied conditions as of the nature of express and implied warranties, and which, if broken, entitle underwriters to avoid the policy.

**10. SLIP.** By the "slip" in marine insurance is meant the premium slip upon which the details of the proposed insurance are written by the broker for submission to the underwriters. It is a small slip of paper about 8 in. by 3 in., with the broker's name printed or written at the top, and at the foot sometimes the more important clauses are printed, according to whether the risk is on hull or cargo. The subject-matter to be insured is written in the body of the slip (the name of the vessel, or, if cargo, its nature), with, if possible, an intimation of the total value. Details are also inserted as to the period covered, if a time policy, or a vessel, or the voyage contemplated (either for vessel or cargo), and reference is made to any special clauses or extraordinary warranties to be included in the policy. On submission to underwriters, the first

underwriter will quote a rate or premium, unless the broker has already inserted one for submission; and, if agreed, he inserts the amount which he is prepared to insure and initials the same. From this slip the broker subsequently prepares the policy, if for a Lloyd's underwriter. In the case of a company underwriter, the details of the ship are transferred to the "long slip" (a much larger slip printed and ruled with columns for the purpose of clear filling in of details), which is then sent round to the company for the preparation of a policy.

**II. DIFFERENT KINDS OF POLICIES.** Our English marine policies are probably of Italian origin, and the word "policy" seems to represent the Italian word *polizza*, meaning "promise." The earliest form of policy known appears to be that given in the Florentine Statute of 1523. Lloyd's, however, hold an original policy dated January 20th, 1680, made in London, and signed by ten underwriters. The current form of policy was adopted in the year 1779, but the memorandum at foot was in vogue in 1749. We have an authentic record of Lloyd's as the name of a meeting-place for men engaged in maritime pursuits and insurance in the *London Gazette* of 18th Feb., 1688 (wherein Edward Lloyd's Coffee House in Tower Street is referred to); but Lloyd's as an institution was not formally incorporated before the year 1871. The institution with its permanent secretary and staff located at the Royal Exchange must not be confused with the underwriters of Lloyd's who pay subscriptions to the former for the use of accommodation "in the room." These latter are, however, amenable to the Committee of Lloyd's, and on becoming underwriting members must each deposit up to £10,000 as a deposit fund against their liabilities in case of failure.

In marine insurance the different kinds of policies are classified under various names according to the circumstances of the risk. The principal policies on vessels are for time risks usually issued for twelve months, beginning at midnight or noon on such a date, and to continue for twelve months ending at midnight or noon on the corresponding date. Mutual insurance club policies usually begin at noon, February 20th. Owing to the vicissitudes of trade and employment, vessels are frequently laid up for considerable periods, and under such circumstances a time policy might not be renewed, but as employment offered, a "Voyage" policy might be taken out in accordance with the terms of the charter party, or a voyage and time policy might be combined.

Cargo policies are taken out according to the voyage contemplated, and may be called interest policies, as having a definite quantity or value of cargo at stake. Policies may be again sub-divided as "valued" or "unvalued," according as the vessel's cargo is stated to be of a certain definite total value or is unvalued.

A Floating Policy is one taken out usually to cover a number of shipments of cargo, and, on shipment these interests should be advised to the insurers and "declared" on the policy. Declarations must be made in the order of despatch or shipment, and the value of the property must be honestly stated. Providing there has been no bad faith in the matter, any omission or inaccurate declaration may be subsequently amended (Act, 1906, Sec. 29 (3)).

Should the value of the declarations fall short of

the amount for which the policy has been issued, a return of premium or "short interest" may be claimed by the assured from the underwriter. An "open" policy is often referred to as synonymous with a "floating policy" though originally the term was used for an unvalued policy. Under any circumstances, the use of the word "policy" implies that stamp duty has been paid, whereas in the use of the term "cover" we refer to an open slip which has not been embodied in a policy, but as definite declarations are advised thereon, policies are issued forthwith and stamp duty paid for the particular amount. By this means, at any rate, policies may be issued and negotiated, and there can be no loss on excessive stamp duty paid.

By P.P.I. policy, we refer to those policies issued as honour policies (chiefly by Lloyd's underwriters). These policies are not subject to proof of insurable interest therein, and, as such, come under the Gambling Policies Act of 1909 (*q.v.*). They are void at law, and for this very reason are termed honour policies, and are very rarely indeed contested by underwriters.

"Club" policies of mutual insurance associations are of the same nature as ordinary marine policies, and, like these, must be stamped for duty before signing. The only exceptions the Inland Revenue allow to this rule are policies entering the country from abroad for beneficial interest in this country, which must be stamped within ten days from receipt, and mutual insurance policies which it is sought to increase in amount may be so increased and submitted for duty, notwithstanding they have already been signed (Stamp Act, 1891, Sec. 95).

It may be stated here that there are very important Clubs which are conducted on the "mutual" insurance or protection basis, to cover shipowner's liabilities that are not recoverable under ordinary marine insurance policies. These liabilities are chiefly for—

- (a) Damage done by collision to other vessels and then cargoes, to the extent of one-fourth of the amount, including costs, etc.
- (b) Loss of or damage to cargo through the improper navigation of an owner's vessel.
- (c) Loss of life on board the protected vessel, or on board a colliding vessel, resulting from the fault and improper navigation of the protected vessel.
- (d) Damage done to piers, bridges, wharves, buoys, and other stationary objects.
- (e) Short delivery of cargo under certain circumstances, and claims resulting from bad stowage.

A printed "Memorandum" of the conditions is issued to the members and not an ordinary policy of insurance. Some owners, however, cover these liabilities with ordinary underwriters.

**12. CLAIMS.** In marine insurance, claims may be divided into those of Total Loss or Constructive Total Loss, General Average and Salvage, Particular Average and Damage Done to other vessels.

As the last form of claims is the most numerous, examples of these are given first.

We may have four distinct kinds of Damage Done Claims—

- (a) The simple damage done where the assured admits liability, or defends with the consent of the underwriter, underwriters pay, if the assured's vessel be pronounced in fault, three-fourths of the damage done to the other vessel or craft, or to her cargo, including demurrage, providing such three-fourths is not in excess of three-fourths of the

value of the vessel insured, also a similar proportion of costs, and, perhaps, interest.

(b) Damage done, where the assured admits liability, or is found alone to blame, but the damage done is so serious that the assured limits his liability (as allowed under certain circumstances by the Merchant Shipping Acts of 1894 and 1906) to £8 per registered ton, plus engine space (in the case of a steamer) of his own vessel; then the underwriters pay three-fourths of the £8 per ton, unless this is in excess of the value of the vessel insured, when underwriters only pay their proportion of three-fourths of the value, except in the matter of costs, which, under the clause, they would pay in full, less the one-fourth.

(c) If both vessels are to blame for the collision, and no limitation of liability takes place, the practice is to add both claims together, and for each owner to pay one-half. (By this method, however, the damage received by the assured's vessel is included, and must be eliminated in dealing with the damage done claim); but if under the clause the claim is settled on the basis of cross-liabilities, then underwriters pay three-fourths of half the damage done to the other vessel, including cargo and expenses, etc., providing the claim, irrespective of costs, is not in excess of three-fourths of the value of the vessel insured. Parliament has legalised the continental practice of fixing the cross liability in proportion to the degree in which each vessel is in fault (Maritime Conventions Act, December, 1911).

(d) If both vessels are to blame, and the liability of one or of both is limited by statute, then the settlement must be made on the basis of single liability (*the Bahawalpur*), viz., the owner of the vessel which receives the least damage will pay the difference between the two awards. By this method only one payment is made and the treatment, therefore, is called that of single liability. If the assured's vessel has to pay on difference, then the underwriters will pay three-fourths of the amount so paid (providing the amount does not exceed three-fourths of the value of the assured's vessel) and proportion of costs as per clause. It is interesting to note, however, that under the single liability method of settlement, though both vessels are to blame, underwriters will not be called upon to pay for damage done to the other vessel if the assured does not have to pay on difference.

Examples of Particular Average claim on vessels are given next, as one form of P.A. Claim arises from collision with other vessels. It will be noticed that in the Damage Done Claims referred to above, nothing is included for damage received by the vessel of the assured. If the other vessel is alone to blame, then the assured recovers his damages and costs from the owner of the colliding vessel. If, however, the assured is not entitled to recover his damages from the other party, then if the damage amounts to 3 per cent. of the policy value of the vessel he will recover his damages as a P.A. claim upon the policy, subject to a deduction of one-third of the cost of the repairs after the vessel's first voyage. For claims generally, the underwriters require documentary evidence of their liability: usually the captain's notarial protest of the circumstances of damage, the log-books, also recording the circumstances, and particularly the time and date of the casualty, the receipted accounts for payments, and the policy. It is also customary for the owner, before repairs are effected, to appoint a surveyor to report on the nature and extent of

the damage, and he usually remains in attendance whilst the repairs are being effected, and subsequently examines the accounts for payment. Underwriters also appoint a surveyor to report to them direct and estimate the cost of repairs, at any rate for all the larger cases. Where there are very heavy repairs to be effected, there is ample room for variation in the price of the repairs, and experience has shown the desirability of always seeking for *bond fide* tenders from various shipbuilders and repairing firms around the coast. A special tender clause is frequently inserted in the policies giving the underwriters permission to carry this into effect, as in the ordinary course it is an owner's duty and prerogative to give orders for the effecting of repairs, etc.

There are other claims of a Particular Average character which are more frequent and generally more costly. These consist of heavy weather damage and damage sustained by stranding, or striking stationary objects. These are all subject to the 3 per cent. franchise, unless the vessel has stranded, when any claim is recoverable, as per the Memorandum.

Owners usually include a clause in the policy doing away with the customary deduction from repairs for replacing old material with new; this is called the "No Thirds Clause", and with a view to recovery of smaller claims, a further clause is frequently introduced, viz.: "Average on each valuation, or on the whole." The machinery and boilers of steamers are of a very costly character, and, when insuring the value of the vessel in the policy, separate valuations are given for hull and machinery. Thus, a claim for machinery damage alone, though a comparatively small one, might easily come up to the requisite franchise of 3 per cent. on the machinery value.

Claims of a General Average character are very frequent, so often arising through some sacrifice made for the general benefit at the time of a stranding, either by jettison of cargo to lighten the vessel, or by damage sustained by use of the engines for forcing the vessel off the ground.

In the case of General Average sacrifice, the resulting loss must be made good by the *pro rata* contribution of the interests at stake, i.e., the ship, the freight, and the cargo. This is effected by an apportionment on the basis of the arrived net values of all these interests. As frequently the cargo is of a general character and shipped for the account of a large number of consignees, an immense amount of work is involved in arriving at the various values of the numerous consignments and apportioning to them their respective proportion of the general expenses, as well as those of a particular character, and a wise custom prevails of handing all the necessary documents to an average adjuster. His work is to adjust marine claims of whatever character, and he adds to the amount of the actual claim a requisite adjustment fee to cover the time, labour, and skill of his services.

A General Average expenditure is differentiated from a G.A. sacrifice, in that it forms, technically speaking, an immediate claim upon the various parties interested, for the payment of the expenditure incurred; as, for instance, where the services of a salvage steamer are engaged for the express purpose of towing a vessel off a dangerous strand. In this case, a long existing law has ordained that the contributions of the various interests at stake are due to the party making the disbursements from the

moment of the outlay. This expenditure must be made good whatever may be the subsequent fate of the adventure. The contributory values, therefore, in these cases rest based upon the actual values of the property saved by the G. A. expenditure, and represent the value of the various interests to their respective owners at that time, and not the net arrived values at destination.

Salvage Claims for moneys awarded to second parties for the saving of ships and cargoes exposed to imminent danger or loss are allowed in proportionable order the values at stake.

A further differentiation is entailed in the method of treatment of General Average Claims arising from the putting into a port of refuge, according to whether the puttoff is the result of a particular average damage or arises from an act purely of a general average nature. In the latter case the English practice as well as that of the York-Antwerp Rules, is to apportion the expenses incurred, including the cost of discharging the cargo, if necessary, in order to effect repairs, or to prevent further damage to cargo, and the cost of warehousing cargo and re-shipping expenses, etc., as general average, and the total expenses are apportioned in the customary manner to the various interests. On the other hand if the putting in results from a P. A. damage, such expenditure as is outlined above would be apportioned as follows under English practice:—

(a) Expenses to the port of refuge, including discharging cargo, if necessary, in order to effect seaworthy repairs, or to prevent further damage to cargo, would be treated as G. A., and would be subsequently apportioned on a G. A. basis.

(b) The cost of warehousing the cargo would be treated as a charge against the cargo only.

(c) The cost of reloading the cargo and outward expenses would be debited to the freight.

Under the York-Antwerp Rules, however, all the above expenses would be treated as G. A.

Another form of General Average Claim is that which involves the inclusion of a substitute expense. By a substituted expense is meant the adoption of one form of expense in lieu of another by reason of the comparative cheapness of it. The rule of apportionment of such a substituted expense is that it shall be apportioned on the basis of the saving effected by the various interests.

Total Loss Claims arise where the subject-matter insured (as regards vessels) is actually destroyed, or cannot be repaired except at an excessive cost, exceeding the value of the vessel, or a vessel is missing, and has been perished at Lloyd's as missing. A Constructive Total Loss means that a vessel is so damaged that the expense of repairing her, plus the vessel's proportion of any salvage charges, etc., would amount to more than the value of the vessel. The criterion of the value of a vessel is the calculation of her F. I. E. or her market value and not her policy value.

As regards cargo, there is a total loss when the subject-matter is either destroyed, or missing and posted as missing at Lloyd's, or has so changed in character as to have become something of a different species. If for some reason or another it cannot be carried to destination, or only at an expense exceeding its value, it is a constructive total loss.

Particular Average Claims on cargo for depreciation are based on a comparison of the arrived gross sound and original values. Whatever ratio the difference bears to the gross sound value, the same

proportion of the policy value is recoverable. Regard must be paid to the necessary franchise of claim as in claims on the hull, but there are also special Average Clauses inserted in the cargo policies which tend to reduce the franchise, even as in policies on hull. Thus average may be stated as "On every one hundred pounds value," or "on every fifty boxes," or "on each raft or lighter."

As regards total loss of a number of bags or packages under an Average Clause, these, providing the value of the particular cargo so lost is equal to the requisite franchise, will be recoverable on the *pro rata* value in the policy.

The Act of 1906 (Sec. 69 (b)) sanctions the customary deductions from repairs to vessels, either for General or Particular Average. The following are the principal deductions:—

**For Particular Average.** No deduction from repairs resulting from the first voyage, but after the first voyage one third is deducted both from labour and from cost of materials. One sixth only is deducted from chain cables.

No deductions, however, are made for the following:—

- (a) Graving dock expenses.
- (b) Stages, or use of shores and appliances.
- (c) Removals of the vessel in dock during repairs.
- (d) The expense of taking out bent nonwork, straightening, and putting it back again.
- (e) Anchors and stores.

**For General Average.** No deduction is made until after the first year of vessel, except one third is deducted from painting or coating of bottom.

Between one and three years of age of vessel, one third is deducted from renewals of woodwork of hull and masts and spars of wood, and from sails, rigging, rope, and furniture, etc., also from boilers, except one sixth only is deducted from wire ropes, cables, steam winches, cranes, and donkey engines.

Between three and six years, one sixth is deducted from machinery repairs, other than boilers.

Between six and ten years, one third is deducted from machinery repairs.

After ten years, one third is deducted off all repairs and renewal, except nonwork of hull, and cementing, but one sixth only is deducted from chain cables.

No deductions are made from graving dock expenses, etc., as in (a), (b), (c), (d), and (e) above.

The reader should see the Rules of practice adopted by the Association of Average Adjusters.

As to any further particular information regarding duties, see **STAMP DUTIES**.

**MARINE STORE DEALERS.**—The Old Metal Dealers' Act was passed in 1861. It defines a dealer in old metals as any person dealing in, buying, and selling old metal, scrap metal, broken metal, or partly-manufactured metal goods, or detached or old metal goods, and whether such person deals in such articles only, or together with second-hand goods or marine stores. If a complaint is made before a justice of the peace that old metal, believed to be stolen, is being kept by a dealer in old metal as above defined, the justice may issue a special search warrant, and the suspected premises may be searched, if the alleged stolen property is found, it must be brought before the justice. The dealer will then be summoned to give an account of how he came by the property, if the justices are satisfied that the dealer knew that the

goods were stolen, or unlawfully obtained, he will be fined £5 for the first offence, for the second offence £20, or a term of imprisonment with hard labour. Or the dealer may be indicted under the criminal law for receiving goods well knowing the same to have been stolen.

If a dealer is guilty of the offence above described, the justices may order that he be registered in a book to be kept by the police. The register will show the date of registration, the date of conviction, the period for which the dealer is to be subject to the regulations contained in the Act, and the name, place of abode, and business of the dealer. If a dealer removes to another address, he must give notice to the police authorities accordingly. Penalty for disobedience, £5, and 10s. a day for every day on which he carries on business at an unregistered address. Inspectors and sergeants of police must visit the places of business of registered dealers in old metals.

Under the Children Act, 1908, marine store dealers are prohibited buying old metal from young persons apparently under sixteen under penalty of a £5 fine on summary conviction.

**Registration.** Every registered dealer in old metals must do the following things: Keep a book in which he must enter purchases and receipts, giving the day and the time, description of the old metal purchased or received, the name of the person who purchased or received, the name of the person from whom purchased, and the business and place of abode of the person from whom purchased. When the dealer makes a sale he must enter the fact, stating the day, describing the old metal sold, the person to whom sold, and the business and place of abode of the person to whom sold. The dealer must not purchase or receive old metal before 9 a.m. or after 6 p.m., nor must he deal with persons under sixteen. The dealer must submit his books and his stock to the police officer when required to do so. If articles come into his possession which answer to the description of articles stolen or wrongfully obtained, of which the police have given him particulars, he must at once inform the police. The dealer must keep any old metal which he purchases for at least forty-eight hours before he parts with it, or alters the form of it. Disobedience involves heavy penalties. The above Act extends to England only.

By the Prevention of Crimes Act, 1871, it is enacted that any dealer in old metals who purchases or receives any metal, whether new or old, of less than a certain weight, shall be guilty of an offence. He must purchase in the following quantities at least: Lead, 1 cwt.; copper, brass, tin, pewter, German silver,  $\frac{1}{2}$  cwt. The Merchant Shipping Act, 1894, requires every marine store dealer to have his name and trade shown on his shop.

**Marine Stores.** Marine stores are: Anchors, cables, sails, old junk (old rope and cordage), old iron and other marine stores of any kind. The dealer must keep proper books in just the same way as the dealer in old metal. The marine store dealer must not cut up any cable or like article when its length exceeds 5 fathoms, until he has made a declaration before a justice of the quality and description of the cable, from whom he received it, and that he has come honestly by the goods. When the justice grants a permit, the marine store dealer must advertise in a suitable newspaper that he has obtained a permit and is about to cut up the cable or other article.

If a person suspects that the cable or other article is his property, he may apply to a justice for a warrant which will require the marine store dealer to produce the goods and his books. Disobedience to any one of the above rules will involve heavy penalties. Under a section of the Children Act, 1908, if a dealer in old metal, or a marine store dealer, purchases any old metal from a young person apparently under sixteen, he shall be liable to fine on summary conviction.

**MARITIME LAW.**—This is that particular branch of commercial law which has reference to ports, harbours, ships, navigation, lighthouses, etc.

**MARITIME LIEN.**—General. The phrase "maritime lien" does not mean a lien in the strict legal sense in which it is understood in the common law courts, for in these courts there can be no lien where there is no possession, actual or constructive. A maritime lien does not include or require possession, and the term is used to express, as if by analogy, the nature of claims which neither presuppose nor originate in possession. Maritime lien has its origin in a rule of the Civil Law by which there might be a pledge with possession, and an hypothecation without possession, and by which in either case the right travelled with the thing into whosoever possession it came. Again, a maritime lien has been well defined by Lord Tenterden as "a claim or privilege on a thing to be carried into effect by legal process," that process being a proceeding *in rem*, and wherever a lien or claim is given upon the thing, then the Admiralty enforces it by a proceeding *in rem*, and, indeed, is the only court competent to enforce it.

**How Maritime Lien Arises.** It is a general principle of maritime law that every proceeding *in rem* is a proceeding against the owner of the ship. A proper maritime lien, therefore, must be based upon the personal liability of the owner. There is, however, one exception to this rule, namely, where a lien is claimed on account of the wages of the master or the crew, as the Legislature has recognised that in such cases a lien attaches to the ship independently of any personal obligation of the owner, the sole condition being that such wages shall have been earned on board the ship. A maritime lien attaches in cases of collision between ships to the ship which is to blame for the collision, in favour of the persons who have sustained damage by the collision, to the extent of the damage so sustained. It attaches to property which has been salvaged, in favour of the salvors, to the extent of the salvage remuneration to which they are entitled. A bottomry bondholder (and the same applies to respondentia) is entitled to a maritime lien on the ship (or the cargo) hypothecated. A seaman is entitled to a maritime lien for disbursements in connection with the ship as well as for his wages. Pilotage confers a maritime lien (though towage does not). And, also, a person who furnishes necessities to a foreign ship in a British port has a maritime lien on the ship for the price of the necessities.

**Diligence Necessary.** A maritime lien is a right which is essentially of an equitable nature, and it is a principle that when rights of an equitable character are conferred, it is incumbent upon the person to take advantage of those rights as early as possible, and not to permit other circumstances to intervene so as to confer an equitable right upon some other person or persons. Equity professes to assist those only who are diligent in the prosecution of their remedies. A maritime lien, then, may be

lost by negligence or delay. It will assuredly be jeopardised if the rights of third parties are compromised. But when reasonable diligence is used and the proceedings *ex bono fide*, the maritime lien may be enforced no matter into whose possession the ship has come, even if the owner is a *bond fide* purchaser without notice of the lien.

**Effect of Maritime Lien.** A judgment *in rem*, which acknowledges the existence of a maritime lien, binds the whole world, in the sense that it enables the plaintiff who has obtained the judgment to follow the *res (i.e., the ship)*, in whose soever possession it may be, irrespective of the personal liability of such person, and also gives a good title as against all the world to a purchaser who has bought the *res* under a sale by the court. It is by no means essential that the maritime lien set up by the claimant should be a maritime lien according to the law of England. It is quite enough if it is adjudged to be a maritime lien by the judgment *in rem* of a foreign court which has competent jurisdiction. Although maritime property may be subject to proceedings *in rem*, it does not necessarily follow that it is also subject to a maritime lien in respect of the claim for which the proceedings *in rem* are instituted. Such liens only exist where the Admiralty Court has inherent jurisdiction *in rem* and in cases where maritime liens have been conferred by statute. The inherent jurisdiction of the Admiralty Court gave such liens only in cases of damage, salvage, and wages of seamen earned under any special agreement or contract, and subject to the ship in which the seamen served having earned freight for the voyage, bottomry, and respondentia. Now, by the Merchant Shipping Act, 1894, the seaman's lien for wages is no longer dependent on the earning of freight, and the person acting as the master of a ship has now a similar lien for his wages and disbursements or liabilities properly made and incurred by him on account of the ship.

**Where no Lien Arises.** The English Court of Admiralty has never recognised the possibility of there being a proper maritime lien upon freight which is not associated with or founded upon a right to proceed *in rem* against the ship. No process having for its sole object the attachment of cargo in order to enforce a maritime lien for freight can issue from that court. The warrant to arrest cargo must, it seems, be accompanied by a warrant to arrest the *corpus* of the ship, an attachment of the ship being an essential preliminary to the court's exercising jurisdiction to enforce a proper lien upon freight. These circumstances necessarily infer that no claim which cannot be enforced against either the ship or her owners can, according to the practice of the Admiralty Courts, be attended with a maritime lien upon freight.

**Priority of Maritime Liens.** Subject to precedence in respect of date, those maritime liens which arise out of services rendered, such as bottomry, salvage, wages, etc., are considered to be on an equal footing. They are generally payable out of the fund out of which they are to be paid in the contrary order of their attachment on the *res*, that is, the last in time is the first in payment. Liens, however, in the nature of compensation for wrongs committed or damage done, as, for example, in cases of collision, generally rank in the direct order of their attachment on the *res*. Moreover, in cases of collision, the rule is that when a foreign ship is seized in the Admiralty Court for a collision caused by

her wrongful navigation, then, subject to any statutory limitations of liability, the owner is liable for the whole value of the ship and freight in an action *in rem*.

The lien for seamen's wages, including, in certain cases, subsistence money, takes priority over the master's lien for wages and disbursements. In fact, a claim of this nature has an inviolable priority over all other claims whatever, irrespective of the order in which they are attached upon the *res* (subject to an exception in favour of the maritime lien for damages, which has been made in the case of a foreign ship), even though the wages were earned before or after the collision, and over the shipwright's possessory lien when the wages have been earned subsequently to the repairs. Wages earned before salvage lien attaches to the *res* are postponed to that lien. A master's wages and disbursements rank after the seamen's wages and before all other claims, excepting such claims as he has made himself liable to in the capacity of master. He must, therefore, give precedence to a claim for bottomry if he has bound himself in the bond.

Where several claimants for damages in several actions in respect of the same collision obtain successive judgments against the *res*, their respective liens are enforceable in the order of the judgments. A plaintiff who obtains judgment in an action for damages may enforce his lien to the exclusion of another claimant who institutes his action after the judgment, even on the same day. The lien for damage is postponed to the lien for subsequent salvage, because the salvors have by their services contributed to the benefit of the claimants in the damage suit. The maritime lien for salvage ranks before any other lien which attached previously to the services being rendered. (As to the place taken by bottomry bonds, see BOTTOMRY AND RESPONDENTIA.)

**Competing Liens.** If there are several persons claiming liens which have not, in accordance with the foregoing rules, any special priority, but are generally allowed to be upon the same footing, the Admiralty Court may marshal the assets in order to protect one creditor against another, and to make the creditor who has the power of resorting to two distinct funds rely upon that fund for satisfaction to which the other creditor has no right of course, so that all the claims may be met as far as possible. But the court can exercise this power only where it can do so without violating other rules entitled to preferential observance. As between the holders of bottomry bonds, there can be no marshalling of assets to the prejudice of the cargo owners. The cargo cannot be resorted to for the payment of any bottomry bond until the ship and the freight are exhausted. Where there are three bottomry bonds in existence, necessarily created, the first on the ship, the second on the cargo, and the third on the ship—and there was a prior claim for wages, pilotage, and towage, the court will direct the latest bond to be paid preferably out of the proceeds of the ship, the other bond upon the ship to be paid out of what remains of such proceeds, and the bond upon the cargo to be paid out of the freight and the cargo.

**Admiralty Court and Liens.** As a general rule, maritime liens are not transferable, but should be brought by the person holding the same. In certain cases, however, the Admiralty Court will permit persons who have paid off claims against a ship to stand in the position of those persons whose claims



they have satisfied. Permission has been given by the court to bondholders to pay the wages of the crew, in order to save the expense incurred from their detention on board, and in such cases it has been held that they should be reimbursed these advances out of the proceeds of the ship, prior to the satisfaction of any claim thereon. The payment of wages by a person at the request of the master, but with the consent of the court, does not entitle him to a maritime lien.

A maritime lien is capable of being enforced by a proceeding *in rem* and by the arrest and, if necessary, by the sale of the ship by the Admiralty marshal on the decree of the court. The common law liens which attach upon ships and cargoes, and can only be made effectual by the possession and retention of the *res* subject to them, as for dock and harbour dues, repairs, or warehousing, are superseded by the process of the Admiralty. The arrest binds the whole of the property, however great its value, however trifling the amount of the claim. A person having a possessory lien on the property cannot resist the power of the court, but he must surrender the property to the marshal and rely upon the court to protect him in his just rights. After the arrest, the vessel and the cargo, if the cargo is on-board and has been arrested, remain in the custody of the marshal or his substitutes, but when the cargo has been warehoused, it is generally left under the charge of the warehouseman, who will be guilty of contempt of court, punishable by attachment, if he allows it to be removed without the order of the court. When the decree has been made, the *res* is sold by the Admiralty marshal, and when that has been done, it is his first duty to satisfy out of the proceeds the liens which the common law would enforce, paying the residue, less the expenses of sale, into court for the use of the successful suitors. Once having been arrested, the *res* cannot be taken out of the custody of the Admiralty by any other tribunal, i.e. liens, even in the case of bankruptcy, have priority over all other debts, even mortgages, except those common law liens, the essential condition and security of which is possession, which are entitled to be first satisfied out of the proceeds of sale made under its decree.

**Discharge of Lien.** A maritime lien may be discharged by satisfying the claims for which the lien is made. This may be done by payment of the claim, by bail given in the Court of Admiralty to an action instituted to enforce it, and by the sale of the *res* under the authority of a competent court. Actions with regard to a maritime lien should be brought within a reasonable time, that is to say, such actions should be brought as expeditiously as possible. A lien may be lost by want of diligence on the part of the possessor in enforcing his claim, if a former claimant obtains a decree of the court in favour of his lien before the other claim is made.

**MARJORAM.** The common name of several species of herbs. The variety known as the pot marjoram is used as a seasoning in cookery. A liniment useful in veterinary surgery is also obtained from it.

**MARK.** (See FOREIGN MONIES—GUESSY.)

**MARKED CHEQUE.** It is obvious that in the working of the Clearing House (*q.v.*) it is necessary that every possible assistance should be given by bankers, so as to avoid the return of cheques which will not be met on presentation. There has, therefore, grown up in this country a practice of

"marking" cheques, *i.e.*, the banker upon whom they are drawn guarantees that at the time of marking there are funds to meet them. This marking is entirely done for the convenience of the bankers concerned and to suit their own arrangements. It does not affect the drawer, the payee, or the holder. (See CERTIFICATION OF CHEQUES, CERTIFIED CHEQUE.)

**MARKET.**—A public place established and used for commercial purposes.

**MARKETABLE SECURITIES.**—A marketable security, as defined by Section 122 of the Stamp Act, 1891, is a "security of such a description as to be capable of being sold in any stock market in the United Kingdom."

By the Finance Act, 1920, the stamp duties chargeable on marketable securities under paragraphs (1) (a) and (c), (3), and (4) of the heading *Marketable Security* in the first Schedule to the Stamp Act, 1891, and the stamp duty chargeable on marketable securities, share warrants, stock certificates, or other instruments to bearer under sub-section (1) of Section 4 and Section 5 of the Finance Act, 1899, on stock certificates to bearer under Section 8 of the Colonial Stock Act, 1877, and on certain marketable securities under Section 13 of the Finance Act, 1911, shall respectively be double the duties which would have been chargeable on these instruments immediately before the passing of this Act.

The rates of stamp duty applicable are—

**Marketable Security and Foreign or Colonial Share Certificate.** (1) Marketable security (a) being a Colonial Government security, or (b) being a security not transferable by delivery, or (c) being a security transferable by delivery and bearing date or signed or offered for subscription before or on the 6th day of August, 1885. For or in respect of the money thereby secured, the same *ad valorem* according to the nature of the security as upon a mortgage.

Duties chargeable under heading (c) were doubled by the Finance Act, 1909 (10 (Sec. 76)), and again doubled by the Finance Act, 1920, and those under heading (a) were doubled by the Finance Act, 1920.

(2) *Transfer, Assignment, Disposition, or Assignment* of a marketable security of any description.

Upon a sale thereof. See *Conveyance* or transfer on sale.

Upon a mortgage thereof. See *Mortgage*.

In any other case than a sale or mortgage, 10s.

(3) Marketable security (except a colonial government security) being a security transferable by delivery and bearing date or signed or offered for subscription after the 6th day of August, 1885—

For every £10, and also for any fractional part of £10, of the money thereby secured, 4s.

(4) Marketable security (except a colonial government security), being such security as last aforesaid given in substitution for a like security, duly stamped in conformity with the law in force at the times when it became subject to duty.

For every £20, and also for any fractional part of £20 of the money thereby secured, 2s.

Every marketable security made or issued by or on behalf of any foreign State or government, or foreign or colonial municipal body, corporation, or company, being a security transferable by delivery, which—

(a) is after the 1st day of August, 1899, assigned, transferred, or in any manner negotiated in the United Kingdom, and

(b) is not, under the law existing at the passing

of the Finance Act, 1899, chargeable with stamp duty as a marketable security transferable by delivery,

and every share warrant or stock certificate to bearer by means of which any share or stock of any company or body of persons formed or established out of the United Kingdom is, after the 1st day of August, 1899, assigned, transferred, or in any manner negotiated in the United Kingdom, a stamp duty is payable of 4s. for every £10, and also for any fractional part of £10.

On every instrument to bearer, not being a share warrant or stock certificate to bearer charged under the foregoing provision, by means of which any share or stock of any company or body of persons formed or established out of the United Kingdom is, after the 1st day of August, 1899, assigned, transferred, or in any manner negotiated, in the United Kingdom, a stamp duty of 6d. for every £25, and also for every fractional part of £25 of the nominal value of the share or stock is payable.

Every person who, in the United Kingdom, as assignee, transferee, or in any manner negotiates, or is concerned as broker or agent in assigning, transferring, or in any manner negotiating, any instrument which is chargeable with duty as above, and is not duly stamped, or any share or stock by means of such an instrument, shall incur a fine of £20, and the amount of the duty shall be a debt due from any such person to His Majesty.

The expression "share warrant to bearer" includes any instrument by whatever name called, having the like effect as a share warrant issued under the provisions of the Companies (Consolidation) Act, 1908, and the expression "stock certificate to bearer" includes any instrument, by whatever name called, having the like effect as a stock certificate to bearer.

An instrument used for the purpose of ascertaining, transferring, or in any manner negotiating the right to any marketable security, share or stock, shall, if delivery thereof is by means of a sale for the purpose of a sale on the market, whether that delivery constitutes a legal assignment or transfer, or negotiation or not, be deemed a marketable security transferable to bearer, as the case may be, and the duty thereon of an assignment, transfer, or negotiation.

By Sect. 13, subsect. 1, of the Finance Act, 1911, the duty on marketable securities transferable by delivery, among which are securities liable to duty by reason of and at the date of their being made or issued in the United Kingdom is, when the amount secured by them is to be paid off within a term not exceeding three years after the date on which the duty is payable and the date by which the amount is to be paid off is conspicuously stated on the face of the security, reduced to 3d. per every £10, or fractional part of £10, of the money secured is to be paid off within a term not exceeding one year from the date on which the duty is payable, and to 6d. for every £10, or fractional part of £10, if payment off is to be within a term exceeding one year but not exceeding three years from the date on which the duty is payable.

Transfer or negotiation of any such security after the date stated on its face involves payment of the duty at the full rate, with an allowance of duty already paid, if duty at the full rate is not paid, the person negotiating the security incurring liability to a fine of £20.

By the Stamp Act, 1891 -

"Sect. 82. (1) Marketable securities for the purpose of the charge of duty thereon include -

"(a) A marketable security made or issued by or on behalf of any company or body of persons corporate or unincorporate, formed or established in the United Kingdom; and

"(b) A marketable security by or on behalf of any foreign State or government, or foreign or colonial municipal body, corporation, or company (hereinafter called a foreign security), bearing date or signed after the 3rd day of June, 1862,

"(n) Which is made or issued in the United Kingdom; or

"(m) Which, though originally issued out of the United Kingdom, has been, after the 6th day of August, 1885, or is offered for subscription, and given or delivered to a subscriber in the United Kingdom; or

"(ni) Which, the interest thereon being payable in the United Kingdom, is assigned, transferred, or in any manner negotiated in the United Kingdom; and

"(c) A marketable security by or on behalf of any colonial government which, if the latter were a foreign government, would be a foreign security (hereinafter called a colonial government security).

"(2) For the purposes of this Act, the expression 'foreign or colonial share certificate' includes any document whatever, being *prima facie* evidence of the title of any person as proprietor of, or as having the beneficial interest in, any share or shares or stock or debenture stock, or funded debt of any foreign or colonial company or corporation, where such person is not registered in respect thereof in a register duly kept in the United Kingdom.

"Sect. 83. Every person who in the United Kingdom makes, issues, assigns, transfers, negotiates, or offers for subscription, any foreign security or colonial government security not being duly stamped, shall incur a fine of £20."

By the Finance Act, 1895 -

"Sect. 11. Where foreign securities within the meaning of Section 82 and 83 of the Stamp Act, 1891, are issued in the United Kingdom, and the interest thereon is not payable in the United Kingdom, and such evidence of the amount of the securities as the Commissioners of Inland Revenue require is produced to them, then the Commissioners, if in their discretion they consider it expedient to do so, may accept payment of the amount of stamp duty which would be payable if all the said securities were duly stamped, and on such payment may dispense with the necessity of the securities being stamped. The Commissioners shall give notice in the *London Gazette* of any such dispensation."

By the Stamp Act, 1891 -

"Sect. 84. The Commissioners may at any time, without reference to the date thereof, allow any foreign security or colonial government security to be stamped without the payment of any penalty, upon being satisfied, in any manner that they may think proper, that it was not made or issued, and has not been transferred, assigned, or negotiated within the United Kingdom."

**MARKET GARDENS.**—Since 1895 the policy of the legislature has been to give similar rights to

compensation for unexhausted improvements to market gardens as well as to agricultural tenants. The earliest Agricultural Holdings Act was passed in 1875, but a Market Gardeners' Compensation Act was first passed in 1895. This Market Gardeners' Act was subsequently amended by the Agricultural Holdings Act of 1900, but otherwise it remained the law regulating the tenants of market gardens until the Agricultural Holdings Act, 1908 (8 Edw. VII c. 28), which repealed the whole of the Agricultural Holdings Acts up to that time enacted. It repealed also the Market Gardeners' Compensation Act, 1895. At the same time it consolidated, re-enacted, and extended the provisions as to agricultural holdings, and included all the statutory law as to both agricultural holdings and market gardens in the one enactment, and for the future governed both classes of tenancies. In Section 42 of this Act there are "Special Provisions as to Market Gardens" set out, but except so far as these modify for market gardens the provisions relating to agricultural holdings, the whole of the Act applies as well to market gardens as to agricultural holdings. It is, therefore, necessary to refer to what has been said above on the Agricultural Holdings Act, 1908; and it will now be shown how it deals with the specific subject of market gardens.

1. In the definition of a "holding" in the Act as meaning any parcel of land held by a tenant which is either wholly agricultural or pastoral, or in part agricultural and as to the residue pastoral, there are added the following words, "or in whole or in part cultivated as a market garden"; and as to a market garden, the same restriction applies that it must not be let to the tenant during his continuance in any office, employment, or appointment held under the landlord. A "market garden" is defined as a holding cultivated, wholly or mainly, for the purpose of the trade or business of market gardening. All kinds of "growers," therefore, who cultivate garden produce for sale are included in this definition.

2. The Act applies to a holding, as to which there is an agreement in writing, made on or after January 1st, 1896, that the holding shall be let or treated as a market garden.

3. In the section on agricultural holdings in general it is shown that there are three classes of improvements for which compensation can be claimed by the tenant from the landlord. They are comprised in the first schedule which is divided into Parts I, II, and III, according as the improvements are made (a) with the consent of the landlord, or (b) after notice from the tenant to the landlord, or (c) at the tenant's discretion without agreement or notice. Besides this schedule, there is a schedule, called the third schedule in the Act, which contains a list of improvements specially applicable to market gardens.

These are as follows: (1) Planting of standard or other fruit trees permanently set out, (2) planting of fruit bushes permanently set out, (3) planting of strawberry plants, (4) planting of asparagus, rhubarb, and other vegetable crops which continue productive for two or more years; (5) erection or enlargement of buildings for the purpose of the trade or business of a market gardener.

To these particular classes of improvements, for which market gardeners may claim compensation, it is provided that the Act shall apply as if this third schedule were comprised in Part III of the first schedule to the Act; that is to say, these

improvements can be made without either obtaining the consent of the landlord or giving notice to him. Other improvements than these made by a market gardener, for which he can obtain compensation under the Act, will fall according to their character under Parts I, II, or III of the first schedule, and will be subject to the general provisions of the Act as to holdings. The market gardener contemplating any improvement must, therefore, turn to the first schedule, and then to the third, in order to see what modifications are introduced into it.

4. Under the general provisions of the Act (Section 7), if the incoming tenant, with the consent in writing of his landlord, pays to the outgoing tenant any compensation the outgoing tenant is entitled to, the incoming tenant has the right, on quitting the holding, to claim the compensation from the landlord, but the incoming tenant, in the case of a market garden, has the right to pay the compensation to the outgoing tenant, although the landlord has not consented to the payment in writing. Where there is an agreement between the landlord and an incoming tenant, as there frequently is, that the incoming tenant shall pay to the outgoing tenant the compensation, for which the landlord is primarily liable to the outgoing tenant, the landlord's consent in writing must be given to the arrangement between the two tenants. In the case of market gardens, this consent in writing is dispensed with.

5. The rights of a tenant to remove fixtures and erections given by the Act are also given in the case of market gardens over every fixture or building affixed or erected by the tenant to or upon the holding, or acquired by him since December 31st, 1900, for the purposes of his trade or business as a market gardener. The distinction between this and agricultural fixtures and erections is that, whatever the agricultural tenant has affixed or erected himself since January 1st, 1884, he can remove, as well as whatever he has acquired since September 31st, 1900, whereas the market gardener can only remove whatever he has either affixed or erected himself or acquired since December 31st, 1900. Neither can remove any fixtures fixed or erected before January 1st, 1884.

6. The tenant may remove all fruit trees and fruit bushes planted by him and not permanently set out, but if he does not remove them before his tenancy is over they become the property of the landlord, and the tenant is not entitled to any compensation for them.

7. All the above provisions apply to the following case: Suppose a contract of tenancy is current on January 1st, 1896, and the holding in use or cultivation as a market garden with the knowledge of the landlord. Then if the tenant has made any improvements comprised in the third schedule without having, previous to the execution of the improvement, received any written notice of dissent from the landlord, he will be entitled to compensation just as if it had been agreed in writing after that date that the holding should be let or treated as a market garden. Improvements either before or after that date are thus included. It must be noticed, however, that if the tenancy is from year to year, the compensation will only be such as could have been claimed if the Act had not been passed, that is, by any custom or agreement. These provisions are inserted to secure that market gardeners shall be entitled to whatever

compensation they could claim since 1895. This was necessary, because in general the compensation in respect of an improvement made or begun before the Act, or made upon a holding under a tenancy current on January 1st, 1884, is only such as could have been claimed before the Act, though the procedure for the recovery of the claim is the procedure instituted by the Act.

8. If the land under agreement to be used or treated as a market garden is part only of a holding, the Act applies to the part as if it were a separate holding.

9. In the Act there are certain provisions as to its application to Crown lands, the Duchies of Lancaster and Cornwall, and ecclesiastical and charity lands. As regards market gardens held under these various kinds of landlords, there are the following provisions: In the case of Crown lands, compensation for an improvement in Paragraphs (1), (2), and (5) of the third schedule is to be made as if the improvement were mentioned in Part I of the first schedule. In the case of Duchy lands, compensation for any improvement mentioned in the third schedule is also to be made as if the improvement were in Part I of the first schedule.

**MARKET OVERT.**—This is a legal phrase meaning "open market." As a general rule of law, it may be said that a purchaser of goods cannot acquire a better right or title to them than the seller had, or, in other words, that the seller can only transfer such rights as he possesses to a buyer. This is well shown in the very common case of a lost article. The finder of it has a good title against all the world except the true owner, but when the true owner turns up the finder must re-deliver the article. If the finder has sold the article to a third person, that person must also give it up on demand from the true owner, otherwise he will be liable to an action in detinue (*q.v.*). But there are several exceptions to or qualifications of this rule, thus persons in the position of agents may sometimes confer a good title by selling goods entrusted to them (see *AGENCY, FACTORS*); a negotiable instrument may be effectually transferred by a person who has a defective title to it (see *BILL OF EXCHANGE* etc.); under the Sale of Goods Act, 1893, certain sales give a good title to the buyer (see *SALE OF GOODS*), and where goods are sold in market overt, according to the usage of the market, the buyer acquires a good title to the goods, provided he buys them in good faith and without notice of any defect or want of title on the part of the seller. By sale in market overt is meant a sale in an open and legal market, in contradistinction to a private sale. In the country, market overt is only held on the special days provided for the particular town by charter or long usage, and only in the special place set apart for the holding of the public market. In the City of London, every day, except Sunday, is market day, and every shop in which goods are publicly exposed for sale is market overt for such things as the tradesman professes to trade in. In a few provincial towns there are special extensions of the ordinary times and places of market overt, which have been obtained by grant of the privilege from the Crown or by long established usage. It is essential to a sale in market overt that the goods should be openly exposed for sale in the market, whether a market place or shop, during the whole of the time that the bargain is being made. A sale by sample, for instance, cannot be a sale in market

overt. Again, as regards a shop, the sale must take place in the part of the shop to which the public have access, and not in a room at the back of the shop or over the shop, to which customers are only admitted by special invitation. With regard to transactions in a shop in the City of London, it should be borne in mind that all the cases in which a sale has been sustained have related to sales by the shopkeeper to a customer, and that it is very doubtful whether a shopkeeper can obtain the benefit of market overt for a transaction in which he is the purchaser.

On the point that a shop is only market overt for goods of a class that the tradesman professes to deal in, it must be remembered that market overt is a survival from an ancient day, when the various trades were sharply divided, and when the owner of stolen goods would naturally search at a goldsmith's for plate and jewellery, at a grocer's for provisions, at a tailor's for clothes, at a swordsmith's for weapons, and so on. The old divisions are intelligible when the surrounding circumstances are considered. A sawyer's shop was not, as a goldsmith's shop would be, a usual place for the sale of plate (*Bishop of Worcester's Case*, Moore, 360), the sale was required to be open, so that anyone who stood and passed by the shop might see it, and not in a warehouse or room distinct from the open shop, or behind curtains or with closed windows (*Case of Market Over*, 5 Co. Rep., followed in *Hargreaves v. Spink*, 1892, 1 Q.B. 25, and by Scrutton, J., in *Clayton v. The Roy*, 1911, 2 K.B. 1031). But it is difficult to say how modern developments may have modified the old custom of the City. In these days, when a chemist sells bags, books, photo-frames, clocks, watches, stationery, and Christmas cards, and when shops have developed into enormous *magazines*, with departments spreading in all directions—upstairs, downstairs, cellars, and back as well as front, it remains to be seen how far the old definitions of a shop, or of the things usually sold therein, may be applied. Where articles sold in market overt have been stolen, the purchaser may find himself deprived of his right to them by virtue of certain provisions of the Larceny Act, 1916, which enact that where any property, whatever its nature, has been stolen or embezzled, and the thief has been prosecuted by the owner and convicted, the property must be restored to the owner. A somewhat similar provision is found in the Sale of Goods Act, 1893, which by Section 24 enacts that where goods have been stolen and the offender is presented to conviction, the property in the goods so stolen re-vests in the person who was the owner of the goods, or his personal representative, notwithstanding any intermediate dealing with them, whether by sale in market overt or otherwise. This re-vesting, however, does not operate when the goods were obtained by fraud or other wrongful means not amounting to larceny. This distinction is an important one, as an example will show. If A steals furniture from B, and then sells the articles to C in market overt, C must give up the furniture if B prosecutes A and obtains a conviction. If there is no prosecution, or if the jury acquit A, C has a good title to the furniture. If A has obtained the furniture from B by false pretences, as by means of a bogus cheque, a subsequent sale by him to C, who acts in good faith and without knowledge of the fraud, will give C a good title, whether there is a prosecution or not. The law of market overt does not obtain in

Scotland, nor does it apply to the sale of horses, for by virtue of two very old statutes, dating from the reigns of Philip and Mary and Elizabeth, a purchase of a horse in market overt will confer no better title than the seller possessed, unless the horse had been exposed for sale in the market for at least an hour between 10 a.m. and sunset, and its price, colour, and marks, and the names, addresses, and descriptions of buyer and seller have been entered with the keeper of the market. Even if all this is done, and it turns out that the horse has been stolen, the real owner will be entitled to recover it at any time within six months, by offering the purchaser the price he paid for it.

**MARKET PARTNERSHIP.**—This is a term which is used in certain cases on the London Stock Exchange. It signifies that a partnership has been entered into by two or more members, each of whom deals and settles bargains in his own name. It is necessary, however, that they should notify to the Secretary of the Stock Exchange that they hold themselves jointly responsible for all the transactions entered into by any one of them.

**MARKET PRICE.**—In its most general sense, this phrase signifies the price current in the market at which goods, wares, merchandise, &c., are sold. With respect to bullion, the market price of a given weight of it is the quantity of current coins of the same metal which is equal to that weight of bullion. The Mint price is something different. (See MINT PRICE.)

**MARKET RATE—MARKET RATE OF DISCOUNT.**—This signifies the rate which is charged by bankers, bill brokers, and financiers generally for discounting bills of exchange. It is always less than the Bank Rate (*q.v.*), though the variation does not always correspond with the rise and fall of the Bank Rate. There may be other causes at work, the chief of which is the supply and demand for bills in the open market. The state of the Money Market will also operate as a powerful factor. (See BANK RATE, DISCOUNT RATE, MONEY MARKET.)

**MARKETS AND FAIRS.**—The statute law comprised within this title is both ancient and extensive, as befits the subject. An Act of Henry VI., 1448, ordains that fairs and markets shall not be holden on Sundays nor on festivals excepting for necessary victual. This Act was passed because of "the abominable Injuries and Offences done to Almighty God and to His Saint, because of Fairs and Markets upon their high and principal Feasts." The Markets and Fairs Clauses Act, 1847, gave power to certain persons called undertakers to construct markets or fairs, and to obtain the necessary land by voluntary or compulsory purchase. The land so obtained was required for slaughter-houses, weighing-houses, roads and approaches, stalls, sheds, pens, and other buildings. Only licensed hawkers may sell in the fair or market such things as are liable to market toll. The market and fair days must be fixed by the undertakers. Persons selling unwholesome meat or provisions in the market or fair are liable to a heavy fine.

**Weighing.** Slaughter-houses may only be erected under the authority of statute. Proper weights and scales shall be kept in the market or fair for weighing or measuring the commodities sold. The goods must be weighed or measured if the purchaser so desires. Weigh-bridges must be provided for weighing carts with and without their load. If a driver has to take a cart to be re-weighed, loaded or unloaded, he is

entitled to be paid 2d. for every half mile he has to go to the weigh-bridge. The following are offences, for which the offender can be fined: Having anything in the cart other than the proper loading, altering the weight ticket, using or offering a false ticket, wrongfully removing and disposing of a portion of the load after weighing. Buyers or sellers, or the machine-keeper, committing frauds in weighing will be fined.

**Offences.** The offences which machine-keepers are liable to commit are: Wilfully neglecting to weigh any cart or loading, not fairly weighing the same, not delivering a weight ticket, or delivering a false ticket, conniving at any fraud in the weighing of a cart or load. A market-place or fair is fit for public use when it is so certified by two justices of the peace. The stallages, rents, or tolls shall be paid on demand to the proper officer. The tolls for weighing or measuring must be paid before the weighing or measuring. The toll for cattle must be paid as soon as they are brought into the market or fair, and before they are penned. All the tolls must be fixed by statute, it is an offence to demand or receive more than the legal toll. If the toll is not paid, the cattle or merchandise may be seized in distress. Lists of the legal tolls must be painted on boards and set up in the market or fair, and in each weighing house and slaughter-house.

**By-laws.** The undertakers of the fair or market may pass by-laws for the following purposes: Regulating the market, preventing nuisances or obstructions, inspection, prevention of cruelty, regulating the market porters and their charges. The by-laws must be passed by the justices and approved by a Secretary of State. Annual accounts of the receipts and expenditure of the market or fair must be sent to the clerk of the peace.

**Fairs Discontinued.** The Metropolitan Fairs Act, 1868, was passed to prevent the holding of unlawful fairs within the limits of the metropolitan police district, and was largely instrumental in causing London fairs to fall into disuse. The Fairs Act, 1873, amended the general law, and gave authority to the justices to declare that the day or days on which a fair was accustomed to be held should be altered, or extended, or reduced, a Secretary of State will then order the alteration to be made accordingly after publication in the *London Gazette*, and in the county, city, or borough. In 1871 an Act declared certain of the fairs held in England and Wales to be unnecessary and the cause of grievous immorality. Certain fairs were then abolished by the following procedure: The magistrates declared in session that such fair ought to be abolished, the Home Secretary then gave order accordingly.

Section 167 of the Public Health Act, 1875, incorporated the provisions of the Markets and Fairs Clauses Act, 1847, with the result that any city or town council, or other urban authority, can establish or regulate markets, supervise the weighing of goods and carts, settle and collect stallages, rents and tolls, and make by-laws. All tolls which the urban authority levies must be approved by the Ministry of Health.

Power is given to the urban authority to purchase any market belonging to private persons or to companies, and to manage the same for the benefit of the inhabitants.

**Weighing Cattle.** In 1887 the law as to weighing was amended, as it was found expedient to afford the like facilities for weighing cattle in markets and fairs as was afforded for weighing goods and carts.

The word "cattle" includes ram, ewe, wether, lamb, and swine. Proper buildings and weighing machines must be provided in or near the market or fair, and the local inspector of weights and measures must test the apparatus twice a year. Cattle may be weighed at the option of seller or buyer, whoever desires the weighing must pay the toll. All the rules and penalties which apply to the weighing of goods and carts apply to the weighing of cattle. Where the sale of cattle in a market or fair is very small, the Act dispenses with the provision of a weighing machine, but the consent of the Ministry of Health must be obtained. The toll fixed by the Act for weighing cattle is: For every head of cattle other than sheep or swine, 2d.; for sheep or swine, every five or less number, 1d.

**The Board of Agriculture.** The law relating to weighing of cattle was further amended in 1891, and certain powers which were in the Local Government Board were transferred to the Board of Agriculture. Now it is required that the market and fair authority must send to the Board of Agriculture the following particulars: The number of cattle entering the market or fair, the number and weight of the cattle weighed, and the price of the cattle sold. The Board of Agriculture will publish the returns for the benefit of the public. Where an auctioneer sells cattle at a cattle mart, the rules as to weighing the cattle and making a return as above described, apply.

It will be of value to the reader to be told that the weighing of cattle specially applies to the following markets or fairs: Ashford, Birmingham, Bristol, Leicester, Leeds, Lincoln, Liverpool (Stanley market), London (Metropolitan Cattle Market), Newcastle-on-Tyne, Norwich, Salford, Shrewsbury, Wakefield, York, Aberdeen, Dundee, Edinburgh, Glasgow, Perth, Belfast, Cork, and Dublin.

The final legislation was passed in 1908, when a short Act applied to rural districts the power to markets which are already given to the town councils and other councils. The effects of the Act are, that a rural district council, after obtaining the consent of the owner and ratepayers, can do the following: To provide a market-place and market-houses; to provide for the weighing of carts, to make convenient approach to the market, to purchase or lease land, or to acquire estate market rights, and to take stalls, tenements, and tolls. The urban district council may also make by-laws for the regulation of the market. (See LOCAL GOVERNMENT.)

**MARKETS FOR OUR PRODUCTS.**—There need be no fear during the next ten years or so about markets for British products. We are, indeed, with the important exceptions that the U.S.A. and Japan are now active in the field of commerce, in very much the same relative position as we were at the close of the Napoleonic Wars: we are the one fairly settled and working nation in a disorganised world. Russian industry is shattered, Germany is deprived of raw materials, and without credit, Austria is without men, materials, and money. France and Italy are utterly exhausted. Production for export in these countries has practically ceased, yet there is a world famine for manufactures. While practically the whole civilized world was occupied in war and preparations for war, when millions of picked men were withdrawn from production, manufacture for civil use was greatly curtailed. Clothes, for instance, dear in England, are far dearer everywhere

else, particularly in the countries that looked to us for supplies of woollens, cottons, and linens. Our output—textiles, engineering products, earthenware—is limited, and need be limited, only by the supply of raw materials. Whatever we can make we may, now and for some years, sell abroad, provided that the price asked for is not exorbitant. India and the East are clamouring for goods, so are the vast populations in East and West Africa—now emerging rapidly from barbaric stagnation and becoming eager producers and buyers, so is the Soudan, a region of immense possibilities, one which will later produce cotton for the Empire; so is Mesopotamia, destined to be the oil provider of the Empire, so are Brazil and the other Latin Republics of South America, the warehouses of our Dominions beyond the seas are crammed with food stuffs and raw materials, accumulated during the lack of shipping and waiting to be exchanged for our goods. Labour is abundant, capital, or at all events credit, has never been so abundant with us, our markets are assured. The very security of our sales may lead us to overlook the fact that by 1930 at latest we shall no longer enjoy the start we now have. We, perhaps, underestimate the recuperative power of Germany and Austria. Russia will have become sane, France and Italy will be reinvigorated, the United States will be a more formidable competitor than ever. During the war, moreover, Japan has strengthened its position in the world's markets, particularly in cotton, and Japan is now a rapidly progressive nation.

The question confronting us, therefore, is how shall we entrench ourselves in the markets now available, and temporarily assured? How make buyers in the old fields more fully convinced of the wisdom of buying British goods, how secure as late as have as possible of buyers in as yet unexploited or relinquished fields? Happily the problem is to be seriously tackled. We are training our students in foreign languages, so that we shall no longer need to depend for our foreign correspondence upon foreigners eager to learn our tongue. Before the war it was asserted that the distributing trade in South America, even when the goods supplied were British, was in German hands, because the Germans took the pains to learn Spanish. Under the new conditions this should not occur, and we should, when again faced with intense competition, have made our position secure in that continent of boundless possibilities.

There will now, too, be more effective pushing of British goods in foreign markets. The war period produced a remarkable number of trade amalgamations—one effect of the excess profits tax was to encourage the buying up of unprofitable businesses by very profitable ones, the money paid being what would otherwise have gone to the Revenue. There is not so spectacular as the mammoth trusts of America or the *Kartells* of Germany, where the herd instinct is strong. British trade associations now control British trade. These associations can afford effective representation in foreign markets, a matter of primary importance for a country carrying on a large export trade. Help and encouragement are being given by Government to those beginning new industries.

The engineering trades afford an instructive illustration of the need for our conservation of old markets and the conquering of new. Continuous expansion is necessary in all our industries

if they are to flourish and, while adequately rewarding capital, provide remunerative occupation for labour. In the engineering trades war conditions have intensified the need, new plant has been installed, existing works have been developed, new factories have been built. The productive capacity has been largely increased, yet there are abundant outlets for the new sources of energy created, and the transfer from munition work to peace work should not be difficult. Some new openings for British labour and British capital may be briefly detailed.

(1) Before the war much iron and brass wire were imported into the country and into the British Dominions from Germany. This trade might be secured to British manufacturers.

(2) Printers' machinery, special machines for paper makers, farming machinery, imported in great quantities could all be made here and an export trade developed. In some branches of textile machinery, too, though this is a powerful industry with a large export trade, there are many fields where development is possible. An immensely increased export trade in leather could be got if our manufacturers would use modern machinery to a greater extent, much of this is at present of foreign origin.

(3) In 1913 about 18,000 tons of enamelled hollow-ware was imported into the British Empire from Austria and Germany. Our factories should be enabled to replace this. Scientific instruments, optical glasses, electrical apparatus, typewriters, and sewing machinery, came in shoals into the Kingdom. Our industries should be able to supply our needs and those of our Dominions and Colonies.

(4) Though we were among the pioneers of the motor industry we allowed it to languish and other countries developed it. We have now another opportunity.

**MARKETS FOR THE SALE OF PRODUCE.**—A market is a public place and fixed time for the meeting of buyers and sellers. A legal market can exist only by virtue of a charter from the Crown or by immemorial user, from which it will be presumed that a royal charter once existed, although it can be no longer produced. A market is usually granted to the owner of the soil in which it is appointed to be held, who, as such grantee, becomes the owner or lord of the market. In upland towns, that is towns which, not being walled, had not attained the dignity of boroughs, markets were frequently granted to lords of manors, but in walled towns or boroughs, particularly in such as were incorporated, the ownership of the soil having usually, by grant from the Crown or other lords of whom the borough was originally held, been vested in the incorporated burgesses, the custom has commonly been to grant markets to the municipal body.

The prerogative of conferring a right to hold a market is, however, subject to this limitation, that the grant must not be prejudicial to others, more especially to the owners of existing markets. In order that the Crown may not be surprised into the making of an improper grant, the first step is to issue a writ *ad quod damnum*, under which the sheriff of the county is to summon a jury before him to inquire whether the proposed grant will be to the damage of the King or of any of his subjects.

In modern times, markets have been almost always established by local Acts of Parliament, which establish and define their incidents. A fair

is a greater sort of market, usually held once or twice a year. A market is less than a fair, and is usually held once or twice a week. Every fair is a market, but every market is not a fair. Formerly, markets were held chiefly on Sundays and holidays for the convenience of dealers and customers brought together for the purpose of hearing divine service. The holding of fairs and markets for any purpose on any Sunday was prohibited in 1677 by 9 Chas II c 7.

Fairs are great periodical markets, some of which are chiefly devoted to one kind of merchandise, while others, of a wider scope, afford opportunity for most of the sales and purchases of a district. Fairs have long been regularly held in most parts of Europe, and in many parts of Asia. In Europe, they appear to have originated in the Church festivals, which were found to afford convenient opportunities for commercial transactions, the concourse of people being such as took place upon no other occasion. Some festivals, from circumstances of place and season, speedily acquired a much greater commercial importance than others, and began, therefore, to be frequented by buyers and sellers even from remote parts of the world. When the ordinary means of communication between countries and of the exchange of commodities were very limited, fairs were of great use. Princes and the magistrates of free cities found it to their advantage to encourage them, and many privileges were granted to them, which in some places still subsist. Courts of summary jurisdiction—commonly called *pie poudre*, from the dusty feet of the smiths—were established distinct from the ordinary courts of the county or city, for the determination of questions which might arise during the fair. The British fairs really of much use at the present day are chiefly those at which cattle are exposed for sale; of these, some held on the borders of the Scottish Highlands and elsewhere in Scotland, are frequented by buyers and sellers from all parts of the kingdom, and bring together the breeders of cattle and the graziers, by whom the animals are to be fed for the butcher. At other great yearly fairs in the south of Scotland, lambs and wool are sold, and fairs chiefly for the sale of the annual produce of pastoral districts are common in almost all parts of the world.

Stallage is a duty payable for the liberty of having stalls in a fair or market, or for removing them from one place to another. Pannage is a duty for picking holes in the lord's ground for the posts of stalls. They are payable to the owner of the soil where one owns the market and another the soil on which it is held. No one can, without the licence of the owner of the market, erect a stall thereon, nor set up tables for exposing his goods in the market. Where tolls of a uniform amount have been taken for a great length of time, they would probably be considered reasonable, unless manifestly disproportioned to the value of the article. The owner of a fair or market, so long as he does not charge unreasonable tolls, is not bound to charge all persons alike, but may remit part of the toll to favoured persons. By custom, all sales of articles in open market confer upon the buyers in good faith a good title to the articles bought, whatever may have been the title of the sellers. (See MARKET OVERT.)

**MARKET VALUE.**—The market value of any article is the sum of money which it will fetch in the open market, when offered for free competition. No matter what the article dealt in—including money itself—its value in the market is subject to

(N.B.—THIS RELIES TO PERSONAL PROPERTY ONLY.)



survivor or other the trustees or trustee for the time being of the e presents (hereinafter called the trustees or trustee) shall either permit the investments mentioned in the first schedule hereto and also the said part or share or shares hereby assigned as and when the same shall fall into possession and be received by the trustees or trustee (or so much thereof as shall not be received in money) and any of the premises or any part or parts thereof to remain on the securities or investments on which the same now are or shall be received OR SHALL with the consent of the said George Roberts and Adelaide Brown during their joint lives or of the survivor of them during his or her life and after the death of both at the discretion of the trustees or trustee sell call in or convert into money all or any of the said investments or any of the said premises which shall not be received in money AND SHALL with the like consent or at the like discretion INVEST the money arising thereby and also the said policy moneys and any moneys received in respect of the premises or any of them in the names or name of the trustees or trustee in manner following and not otherwise that is to say IN *[here specify the investments authorised]* WITH POWER for the trustees or trustee from time to time with such consent or at such discretion as aforesaid to change such investments for others of a like nature :

AND IT IS HEREBY AGREED that the trustees or trustee shall stand possessed of the investments mentioned in the first schedule hereto and of the said policy moneys and of the investments for the time being representing the same respectively all of which are hereinafter referred to as the Husband's Trust Fund And shall also stand possessed of the said part or share or shares hereinbefore assigned and of the investments for the time being representing the same respectively which said part or share or shares and the investments representing the same respectively are hereinafter referred to as the Wife's Trust Fund And also of the annual income of the Husband's Trust Fund and the Wife's Trust Fund respectively upon the trusts and subject to the powers and provisions following that is to say :

AS TO THE HUSBAND'S TRUST FUND upon trust to pay the annual income thereof to the said George Roberts during his life and after his death to pay the same annual income to the said Adelaide Brown during the residue of her life if she shall survive him for her separate use without power of anticipation during any coverture :

AND AS TO THE WIFE'S TRUST FUND upon trust to pay the annual income thereof to the said Adelaide Brown during her life for her separate use without power of anticipation during any coverture And after her death to pay the same annual income to the said George Roberts during the residue of his life if he shall survive her :

AND IT IS HEREBY AGREED that after the death of the survivor of the said George Roberts and Adelaide Brown the capital and the income of the Husband's Trust Fund and also of the Wife's Trust Fund shall be held IN TRUST for all or such one or more exclusively of the others or other of the issue of the said intended marriage whether children or remoter issue at such time in such shares and with such gifts over and generally in such manner for the benefit of such issue or some or one of them as the said George Roberts and Adelaide Brown shall by deed revocable or irrevocable from time to time or at any time jointly appoint :

AND in default of and until and subject to any such appointment then as the survivor of them and as regards the said Adelaide Brown whether covert or sole shall by deed revocable or irrevocable or by will or codicil appoint :

AND in default of and until and subject to any such appointment IN TRUST for all or any the children or child of the said marriage who being sons or a son attain the age of twenty-one years or being daughters or a daughter attain that age or marry and if more than one in equal shares :

PROVIDED ALWAYS that any child who or whose issue takes any part of the trust fund under any appointment in pursuance of either of the powers lastly hereinbefore contained shall not (in the absence of any appointment to the contrary) take any share in the unappointed part thereof without bringing the share or shares appointed to him or her or to his or her issue into hotchpot and accounting for the same accordingly :

AND IT IS HEREBY AGREED that the trustees or trustee may at any time or times after the death of the said George Roberts and Adelaide Brown or in their his or her lifetime with their his or her consent in writing raise any part or parts not exceeding together one-half of the then expectant presumptive or vested share of any child of the said marriage under the trusts aforesaid and may pay or apply the same for his or her advancement or benefit :

AND IT IS HEREBY AGREED that if there should not be any child of the said marriage who attains a vested interest under the trusts hereinbefore contained then subject to the trusts and powers hereinbefore contained

THE HUSBAND'S TRUST FUND and the income and accumulations (if any) of the income thereof or so much thereof as shall not have become vested or been applied under any of the trusts or powers affecting the same shall after the death of the said Adelaide Brown and such failure of children as aforesaid be held IN TRUST for the said George Roberts absolutely :

AND THE WIFE'S TRUST FUND and the income and accumulations (if any) of the income thereof or so much thereof as shall not have become vested or been applied under any of the trusts or powers affecting the same shall after the death of the said George Roberts and such failure of children as aforesaid be held IN TRUST for such person or persons and for such purposes as the said Adelaide Brown shall while discovert by deed revocable or irrevocable or whether covert or discovert by will or codicil appoint AND in default of and subject to any such appointment if the said Adelaide Brown shall survive the said George Roberts IN TRUST for the said Adelaide Brown her executors administrators and assigns and so that during the said intended coverture such reversionary interest shall be her separate estate but she shall not have power to dispose of or charge the same by way of anticipation. But if the said George Roberts shall survive the said Adelaide Brown then IN TRUST for such person or persons as would have become entitled thereto under the Statutes for the Distribution of the Personal Estate of Intestates at the death of the said Adelaide Brown had she died possessed thereof intestate and without having been married such persons if more than one to take as tenants in common in the shares in which they would have taken under the same statutes :

AND IT IS HEREBY AGREED and the said Adelaide Brown hereby covenants with the trustees hereinbefore named that if besides the trust funds hereinbefore settled by her she should at the time of the said intended marriage be or if at any time or times during the same coverture she should become entitled in any manner and for any estate or interest to any real or personal property of the value of £1000 or upwards at one time and from one and the same source (except jewels trinkets ornaments furniture plate china glass pictures prints books and other chattels passing by delivery and not being securities for money which and also any property excepted from this covenant as not being of the value of £100 it is hereby agreed shall belong to her for her separate use absolutely) THEN and in every such case she and all other necessary parties will at the cost of the trust estate as soon as may be and to the satisfaction of the trustees or trustee CONVEY such real or personal property to the trustees or trustee upon trust to sell call in or convert into money such part or parts thereof as shall not consist of money or of an annuity or other real or personal property limited to or held in trust for her for her life only or for a term of years determinable on her death but with power for the trustees or trustee to postpone such sale calling in and conversion so long as they or he may think fit and to retain investments transferred under this covenant and dispose of the annual income thereof in like manner as the annual income of the Wife's Trust Fund and so that any reversionary interest be not sold before it falls into possession unless the trustees or trustee see special reason for sale :

AND IT IS HEREBY AGREED that the trustees or trustee shall stand possessed of the money to arise from such sale calling in or conversion and of any part of the said property received in money upon the trusts and subject to the powers and provisions hereinbefore declared concerning money forming part of the Wife's Trust Fund or as near thereto as circumstances will permit. And upon trust to pay any annuity or the income of any other real or personal property limited to or held in trust for the said Adelaide Brown for her life only or for any term of years determinable on her death to her for her separate use without power of anticipation during any coverture but with power for the trustees or trustee with her consent in writing at any time to sell the same so that the money to arise from such sale be held and applied upon the trusts and subject to the powers and provisions hereinbefore declared concerning money forming part of the Wife's Trust Fund or as near thereto as circumstances will permit :

PROVIDED ALWAYS that the trustees or trustee shall not be made accountable in respect of any real or personal property becoming subject to the covenant to settle hereinbefore contained unless and until the same shall have been actually paid conveyed assigned or transferred to them or him nor shall they or he be chargeable with breach of trust or made liable in any way for not taking any proceedings to get in the same real or personal property or any part thereof unless and until required in writing so to do by some person beneficially interested under these presents :

AND IT IS HEREBY AGREED that the said George Roberts and Adelaide Brown during their joint lives and the survivor of them during his or her life shall have power to appoint new trustees of these presents.

IN WITNESS, etc.

FIRST SCHEDULE.

*(List of investments transferred by husband)*

SECOND SCHEDULE.

*(List of investments subject to the marriage settlement of the parents of the wife.)*



great fluctuations, owing to infinitely varied conditions and circumstances.

**MARKING.**—A term used upon the Stock Exchange to signify the recording of the prices at which actual business has been done in any securities between the hours of eleven in the morning and three in the afternoon.

**MARKING INK.**—(See INK.)

**MARKKA, MARKKAA.**—(See FOREIGN MONIES—FINLAND.)

**MARKSMAN.**—This is the name given to a person who, from any reason being unable to write, signs a document by means of a mark in order to give authenticity to the same. The mark generally takes the form of a cross, thus X, and this mark is attested by one or more witnesses. The usual manner in which it is carried out is as follows—

|   |  |
|---|--|
| JOHN X BROWN                                      |  |
| <i>mut</i>  |  |
| Witness<br>R. Johnson,<br>23 King Street,<br>Eds. | Witness,<br>J. Smith,<br>99 Chancery Lane,<br>Eds.<br><i>Solicitor's clerk</i> |

In the majority of cases one witness is enough, but in most banking transactions a banker will require two witnesses. The second serves to corroborate the first if the authenticity of the document is ever questioned.

The person who signs by a mark must understand the purport of the document which he is signing. The contents should therefore be read over to him and explained, if necessary. It is advisable to have some proof of this in the document itself, and when it is the question of a deed an attestation clause is necessary. (See ATTESTATION.)

In Scotland the execution of a deed by a mark is not valid. It must be executed for the person signing it by a Notary Public or a Justice of the Peace before two witnesses.

**MARMALADE.**—A jelly-like preserve made preferably from bitter or Seville oranges. Both pulp and rind are used in the process of manufacture, as well as a large quantity of sugar. Dundee is the centre of the industry, but London, Glasgow, and Paisley have also important factories.

**MARRIAGE SETTLEMENTS.**—Whenever two persons are about to marry, and either of them is entitled to certain property, real or personal, it is the general practice for a marriage settlement to be made by which the property is tied up under certain conditions. Marriage is what is known in law as a valuable consideration, and if property is settled in consideration of the marriage, it cannot afterwards be touched by creditors of the parties, except in so far as the husband or wife derives a personal benefit out of the property brought into settlement. But, of course, if it is clearly proved that there is a case of fraud at the base of the settlement, the whole transaction may be set aside.

But very briefly, the case of marriage settlements may be stated as follows, *i.e.*, marriage settlements which are executed at the time of or immediately before marriage. A and B are about to be married. Each is entitled to a certain amount of property. This property is conveyed to trustees, who hold the property in trust for the married persons. The deed of settlement sets out the conditions and terms upon which the property is to be held in the future, and the creditors of either party at any

time can only proceed against the husband and wife so as to touch the settled property in accordance with the terms thereof. The whole idea is the preservation of the *corpus* of the estate, and a kind of provision for the future, so that the property may not be frittered away in a useless fashion.

When a settlement is made before and in contemplation of marriage, it is known as an *ante-nuptial* settlement. As already stated, marriage is a valuable consideration. Therefore, the property comprised in it cannot be attached by the creditors of either of the parties, except in so far as either he or she derives an interest from the property brought into settlement by that party. But if one of the parties alone brings property into settlement, and the interest thereon is directed to be paid to the other party, the creditors of the first party are helpless against him or her for all time. Thus, if a husband before, and in contemplation, of marriage, settles a certain sum of money upon certain trusts, and the first life interest in the fund is given to the wife, she will enjoy the benefit of the same in spite of anything which may happen to him, and if nothing is reserved to the husband, it will be a matter of no consequence to her, however deeply he may become involved. His creditors cannot touch the interest arising from the trust funds at all, and she will be entitled to the whole. On the other hand, if the first life interest is reserved to him, the interest arising from the trust funds will be attachable on account of his debts, although the capital itself cannot be affected. To obtain this benefit, however, the whole transaction must be untainted with fraud. Thus, a man cannot make such a settlement, even though *ante-nuptial*, when he is on the eve of bankruptcy, when he has confided his scheme to his intended wife, and she has virtually consented to the marriage as a part of the fraudulent design.

When it is the case of a woman only, a further special provision may be made for her protection. She may be restrained from anticipation, *i.e.*, she may be prevented from dealing in any way with any future interest in the property settled. If there is a clause in the settlement which retrans anticipation, her creditors are altogether helpless against the property comprised in the settlement, so far as her interest is concerned, except when the court assents to the appropriation of the property on bankruptcy (Bankruptcy Act, 1914). But it is to be borne in mind that this restraint only lasts so long as the woman is a married woman. And, in addition, no woman can impose such a restraint upon the property which she herself brings into settlement so as to deprive her creditors of their remedy for debts contracted by her before marriage.

When a settlement is made after marriage, *i.e.*, a post-nuptial settlement, the matters are not on the same footing. As far as the parties to the settlement, husband and wife, are concerned, the terms of the settlement are binding, but the creditors of the parties are not hampered in the same way as in an *ante-nuptial* settlement. The rule as to post-nuptial settlements is the same as for all other settlements, *viz.*, that all such settlements which are made within two years of the party providing the property settled are absolutely void, so far as the property settled is concerned, and that settlements made within ten years of the bankruptcy are voidable and will be declared void unless it is shown that the estate of the bankrupt settlor was sufficient to pay the whole of his liabilities at the

time of the making of the settlement, without including any of the property so settled.

It is only possible here to give the general points which have to be considered in the framing of such settlements, but the main points are clearly set out in the next relating to this subject. In one point, however, it is to be noticed that a difference exists between a contract of this kind and other contracts, so far as the law respecting infants is concerned. Generally, a person under the age of twenty-one cannot bind himself by contract. By the Infants Settlement Act, 1855, however, infant, not being under twenty if males, or seventeen if females, can, with the approbation of the court, make binding settlements of their real and personal estate in possession or otherwise on their marriage. The court may, under the same Act, direct a settlement of an infant's property after marriage, but it has no power to compel a ward of court to make a settlement.

**MARRIED WOMEN'S PROPERTY ACTS.**—In the present article it is intended to put forward some of the most important changes which have been made by a series of Acts of Parliament, extending from 1870 to 1907, although the principal ones referred to will be the Acts of 1882 and 1893. There is also the Married Women's Property Act, 1908, which makes a married woman with separate estate liable for the support of her parents just as though she were a *feme sole*. Many points which affect married women will be found under a number of different headings, and reference will naturally be made in particular to the article HUSBAND AND WIFE. Here we shall consider the position of a married woman from a business point of view, especially as to her capacity to enter into a contract.

At common law, husband and wife became one upon marriage, and the wife had no power to enter into contracts on her own behalf. Whatever she did in the way of contracting was done in her capacity as agent for her husband. Although there has been a great revolution effected in this respect, especially by the Act of 1882, it is important to recollect that whatever rights in a mercantile sense are now enjoyed by a married woman they are the outcome of statutes, and where there is no special provision made, the old common law rules remain in force. Nothing, therefore, must be assumed in favour of a married woman. It must be shown to exist within the statutes themselves which refer to her.

By Section 1 (ss. 2) of the Married Women's Property Act, 1882 (45 and 46 Vict. c. 75), it is provided that—

"A married woman shall be capable of entering into and rendering herself liable in respect of and to the extent of her separate property on any contract, and of suing and being sued, either in contract or in tort or otherwise, in all respects as if she were a *feme sole* (*q.v.*), and her husband need not be joined with her as plaintiff or defendant, or be made a party to any action or other legal proceeding brought by or taken against her, and any damages or costs recovered by her in any such action or proceeding shall be her separate property, and any damages or costs recovered against her in any such action or proceeding shall be payable out of her separate property and not otherwise."

Owing to the judicial construction placed upon this Section in various cases, viz., that the separate

property of a married woman was not bound by her contract, unless she had some property at the time of entering into the contract, the Married Women's Property Act, 1893 (56 and 57 Vict. c. 63), was passed, and by Section 1 it is provided:—

"Every contract hereafter entered into by a married woman otherwise than as agent (*a*) shall be deemed to be a contract entered into by her with respect to and to bind her separate property, whether she is or is not in fact possessed of or entitled to any separate property at the time when she enters into such contract, (*b*) shall bind all separate property which she may at that time or thereafter be possessed of or entitled to, and (*c*) shall be enforceable by process of law against all property which she may thereafter while discoverable be possessed of or entitled to: provided that nothing in this Section contained shall render available to satisfy any liability or obligation arising out of such contract any separate property which at that time or thereafter she is restrained from anticipating."

Unless the caution already mentioned is kept in mind, it might be imagined that the law had now put a woman in a position similar to that occupied by a man in respect of contract. This is not so. A man is personally bound upon his contract, a married woman who contracts only does so with respect to her separate estate. If she has no separate estate, her creditors are without any remedy. She may be possessed of ample means, but unless she has complete control over these means, she can snap her fingers at those persons to whom she is indebted. Thus, there may be a marriage settlement giving the wife a large annual income, but if she is "restrained from anticipation," *i.e.* forbidden to alienate or to charge her property in any way, any judgment obtained against her will be practically valueless. This restraint was invented about a century and a half ago, and it has become common to insert it in all marriage settlements in which an interest is given to a wife during the existence of the marriage, as it was thought to act as a safeguard for her interests. It is to be observed, however, that the restraint only lasts during the continuance of the marriage tie, though it is revived if the widow marries again. Take an illustration. A woman marries, and on her marriage £10,000 is settled upon her, the interest upon this money being payable to her personally. There is a restraint from anticipation imposed in the deed of settlement. So long as she is married, the wife cannot in any way charge her interest which is payable at a future time. When any part of the income is paid to her, that is separate property in respect of which she can contract, but if the interest is payable only a day ahead, that is not separate property, and no contract can be entered into so as to bind it. Directly she becomes a widow, the restraint is gone, and the future interest on the £10,000 is uncontrolled property. The widow contracts personally just as a man does. But if she re-marries the restraint is again imposed, and she occupies the same position as before.

This restraint is a very powerful thing, and unless it is shown to the court that its removal will be for the benefit of the married woman herself, it cannot be interfered with except by the Court on her bankruptcy. It is Section 39 of the Conveyancing Act, 1881, and the Bankruptcy Act, 1914, which allow the removal under the circumstances just mentioned. It is obvious that this restraint is

capable of being greatly abused, and in one respect Section 19 of the Married Women's Property Act, 1882, endeavored to prevent this by providing that no woman can settle her own property upon herself on the eve of and in contemplation of her marriage, and impress it with the restraint so as to defraud her creditors at the time of her marriage.

Owing to the restricted power of proceeding against a married woman, the Court of Appeal settled the form of judgment against her in the case of *Scott v. Martin*, 1887, 20 O.B.D. 120. It is as follows: "It is adjudged that the plaintiff do recover the sum of £100 to be taxed against the defendant (the married woman), with sum and costs to be payable out of her separate property, as hereinafter mentioned, and not out of the rest." And it is ordered that execution hereon be limited to the separate property of the defendant (the married woman), not subject to any restriction against execution imposed by a provision of Section 19 of the Married Women's Property Act, 1882, the property shall be liable to execution, notwithstanding such restriction."

There is no power to commit a woman upon a judgment summons (*infra*) in respect of contracts entered into by her during her marriage. As already stated, she contracts with respect to her separate estate alone. But this immunity from committal does not extend to the cases in which she has contracted prior to her marriage, nor does it extend to cases of debt committed during marriage. Formerly a married woman, after 1882, became subject to the bankruptcy law to a very limited extent, but now, under Section 25 of the Bankruptcy Act, 1914, if she carries on business, whether separately from her husband or not, her property is amenable to the bankruptcy law, as if she were a *single person*. Moreover, a final judgment obtained against her even in the form of *Scott v. Martin*, is of no avail in the preceding paragraph, nor establis a creditor to file a bankruptcy notice against her, a thing which was possible before 1914. Under special circumstances, even the property of such a married woman enjoys the same immunity as that of a *single person*, may be taken in her bankruptcy, and the restraint removed. It must be carefully borne in mind that a married woman cannot be made a bankrupt unless she is engaged in trade or business.

When her husband and wife are living together, the wife has an implied authority to bind her husband for necessities for herself and her household matters generally. This she does as the agent of her husband. But since the agency is only an implied one, the husband may rebut any presumption against him by showing that he has forbidden her to pledge his credit. But this will not be sufficient in the case of those tradesmen with whom the wife has had dealings, and who have treated her as agent. In addition to forbidding his wife to pledge his credit, the husband must give information to the particular tradesmen that the agency is withdrawn. And in case of difficulties, the onus will be upon the husband to prove that the withdrawal of the agency has actually come to the knowledge of those tradesmen. Merely inserting an advertisement in a newspaper is of no avail. Any new tradesman, however, must take their chances. If a married woman has been forbidden by her husband to pledge his credit, and then goes to a tradesman and orders goods—this being a first transaction—the husband is in no

way liable, since there is no question of agency; and unless the married woman has any separate property, the tradesman is legally without any remedy. These matters, however, are outside the special Acts now under consideration, so that it is unnecessary to pursue the subject further.

A wife has now the same power of contracting with her husband as with a *single person* in respect of her separate property, and by Section 12 of the Act of 1882 the wife has the same civil remedies against all persons, including her husband, for the protection and recovery of her separate property as if such property belonged to her as a *single person*. The husband occupies a somewhat different position so far as procedure is concerned, though the result is about the same. But if a married woman is trading and becomes bankrupt, her husband, if he happens to claim in the bankruptcy as a creditor, cannot compete with the other creditors, but is postponed to them. The same rule prevails where the wife is a creditor in her husband's bankruptcy.

The pecuniary immunity of a married woman in respect of contract comes to an end with the termination of the marriage tie. This is very frequently forgotten by all parties. Unmarried, whether as a *single person* or a widow, she occupies the same position as a *single person* in a court of law. It is only when she is actually a married woman that she is specially protected, as above shown. But even when married she does not escape liability for her ante-nuptial debts. For these she is always liable, married or unmarried, subject, of course, to such defences as infancy or the Statute of Limitations.

As far as torts committed by a wife are concerned, the husband is still liable at common law, if husband and wife are living together, and he may be sued either alone or jointly with his wife.

**MARSALA.** A light Sicilian wine of the cheap class. It owes its name to the Sicilian city of Marsala, which supplies the requirements of Great Britain.

**MARSHALLING OF ASSETS.** (See *ASSETS*.)

**MARTEN.** A rodent, somewhat resembling the weasel. The European variety are found chiefly in Siberia and the Alps. North America exports large numbers of skins, which are highly valued by furriers. They are often dressed in imitation of sable.

**MARTINMAS.** The 11th November. (The feast of the Scottish quinto days. (See *QUINTO DAY*.)

**MARTINIQUE.** (See *FRANCE*.)

**MASS PRODUCTION.** (See *MANUFACTURING BUSINESS ORGANIZATION*.)

**MASTER.** This is a person who occupies a position which may be fairly described as being that of a subordinate judge. In the preparation of a civil case many preliminary steps have to be taken before the case is ripe for trial. For what is often called "Chamber work," a judge is appointed according to a certain rotation, but as it would be absolutely impossible for one man to conduct the interlocutory business, the subordinate masters are appointed to do the work in his stead. There is always a right of appeal from the master to the judge. The income attached to the office is £1,500 a year.

**MASTER AND SERVANT.**—The present article will be confined, as far as possible, to the contractual relationship existing between employer and employed, and to the question of the responsibility of the master or the servant in respect of acts done by him in the course of his work.

The relationship is, of course, one arising out of contract, and the terms of the contract are generally settled at or before the commencement of the service. In many cases, where the duties are not of an onerous character, little formality will be used or required, but when the position to be occupied is one of importance, all the terms of the agreement entered into should be stated with care and precision, so as to prevent differences and trouble in the future. And it may be at once stated that, speaking generally, the points connected with the hiring of servants, their dismissal, their characters, etc., are similar, whether the person engaged is to be an agent, a clerk, a domestic servant, a governess or a tutor.

Matters connected with the Employers' Liability Acts, National Insurance, the Truck Acts, and Workmen's Compensation are dealt with under separate headings.

An engagement may be verbal, unless the term of service is to last for at least one year. But if the service is to extend beyond a year, or if it is for a year from the date of the commencement, and that date is a future one, the terms of the contract should be in writing, so as to satisfy the 14th Section of the Statute of Frauds. (See *FRAUDS, STATUTE OF*.) What is required is "some memorandum or note signed by the party to be charged therewith, or by some other person duly authorised by him." The memorandum or note need not be a formal one, but it must contain the names of the parties, i.e., the master and the servant, and set out the consideration for the hiring, i.e., the amount of the salary or wages to be paid. An agreement may be collected from a series of letters. An agreement of this kind must be duly stamped with a 6d stamp in order that it may be used as evidence in a court of law in case of a dispute arising, but no stamp is necessary if the agreement or memorandum has reference to the hire of any labourer, artificer, manufacturer, or menial servant, or where it is made between the master and mariners of any ship or vessel for wages on any voyage coastwise from port to port in the United Kingdom.

Unless the period during which the service is to last is specially stated, the general rule is to construe the hiring as an ordinary one to which the terms of service applicable are those which are recognised by custom or usage. At one time it was held that a general hiring was a hiring for a year, and that if the full year was not served there was no right to demand the payment of the wages agreed upon. This idea is now completely exploded. When no term is specifically fixed, the best guide is the periodic payment of wages. Thus, if wages are paid once a week, there will be a presumption that the hiring is for a week; if paid once a month, the hiring will be held to be monthly, and so on. Particular classes of servants may be subject to special rules which have come to be looked upon as the customary hiring recognised by the courts. Servants engaged by the Crown—civil, naval, or military—hold their offices during the pleasure of the Crown. Moreover, no engagements made by the Crown with its naval or military servants, in respect of services, can be enforced in any court of law.

The death of either the master or the servant puts an end to the contract. The relationship is entirely personal, and as no substitute can be provided by the servant—unless agreed upon by the parties—so no one can step into the shoes of a deceased master. This rule may, in certain cases,

work much hardship, but it is very rarely put into force with all its strictness. And, indeed, the law will assist the servant of a deceased master if there is any evidence upon which to support a fresh contract. Thus, the master of a house dies. All his servants cease to be employed, in a legal sense, at the moment of his death. But if any of them remain on and do any work, even when that work is of the same character as the work previously done, the law will presume that a new contract of service has been entered into with the representatives of the deceased, and these representatives will be liable to pay the wages earned as they become due.

In cases other than death, the relationship of master and servant is put an end to by a proper notice. The notice can be given on either side. What is a proper notice depends upon various circumstances. If the contract of service has specially provided for it, the length of notice is established. In other cases, however, it is generally a question of custom. As already stated, the general rule of a yearly hiring has been thoroughly exploded. If, of course, the hiring is yearly, there could be no dismissal until the end of the year, except for disobedience, or some other offence of a kindred character. But it may be stated as a general proposition that the notice required when wages are paid weekly is a week, and when paid monthly, a month, though here, again, special custom may have settled what is the notice required by law. Thus, a clerk can be discharged with three months' notice and a menial servant with one. (The term "menial servant" has been held to include a head-gardener residing in a detached house in his master's grounds, and a huntsman, but not a governess.) This uncertainty makes it all the more necessary that this question should be settled at the commencement of the hiring. When there is no stipulation as to the length of notice to be given, there must be a reasonable or customary notice. What is a reasonable notice is a question of fact in each instance. In the case of an advertising agent, a month's notice was found to be sufficient. In another case, where a clerk in a telegraph office had a yearly salary of £135, paid fortnightly, a month was held to be a reasonable notice for a person in his position.

There has been considerable difficulty on more than one occasion as to the length of notice that ought to be given in the case of domestic servants, a certain custom having been set up more than once that the service can be terminated at the end of the first month by a notice given during that month. This, however, has not been generally accepted, and it would appear that if anyone wishes to rely upon it, evidence must be adduced in court as to the same. The importance of this is apparent when the question of the payment of wages comes up. If a notice is improperly given by a master, the servant is entitled to claim his wages up to the time when his term of service would have come to an end in a legal manner. On the other hand, if it is the servant who gives notice, he must continue up to the end of the time when his term of service would have rightly come to an end, otherwise he is not entitled to any wages for the portion of the time during which he has acted as servant.

A servant must use all proper care in dealing with the property of his master which is entrusted to him. If he is guilty of gross negligence by which such property is injured, he will be liable to an action at law. There is no duty laid upon him to

protect his master's property at all risks, and he will not be responsible for losses arising through robbery, or acts of violence. The whole of the servant's working hours are at the disposal of his master, and may be utilised in any manner the master desires, though no servant can be compelled to obey any unlawful command or order. The strictest honesty is demanded in dealing with the goods or property of the master, and also with any moneys paid to the servant on behalf of his master. If a servant retains and converts to his own use any sum of money which is paid to him on behalf of his master he is guilty of embezzlement. Such an act on the part of any other person than a clerk or servant would, prior to the passing of the Larceny Act, 1901, have simply given rise to an action to recover the same in a civil court. But now, by the provisions of the Act just named, it constitutes a misdemeanour if the same is done fraudulently. This provision of the Act of 1901 is now incorporated in the Larceny Act, 1916.

A master is responsible for the negligent acts of his servant, whereby a third party is injured, provided the servant is acting in the ordinary course of his duty, and within the scope of his authority. But if the servant is engaged in some enterprise or business which is altogether unconnected with his service, or if he is chargeable with anything which imposes a criminal liability upon him, the master is not responsible.

Again, it is the duty of every master to indemnify his servant from the consequences of doing anything in obedience to orders, the servant at the time believing them to be lawful. But there is no obligation to indemnify if the servant knew that the orders were unlawful, nor if damage has arisen to the servant through acting in direct disobedience to his master's orders.

It is, of course, incumbent upon the master to pay the stipulated salary or wages as they become due. If payment is not made, the servant is entitled to sue for the moneys due, and this can be done personally, even though the servant is an infant. There is no necessity for the intervention of a "next friend" (*q.v.*). Also, if the master becomes bankrupt (or if the employer is a joint-stock company and is being wound up), the servant obtains certain rights before other creditors by reason of the Preferential Payments in Bankruptcy Acts, 1888 and 1897 (*q.v.*), which are now repealed and re-enacted by the Companies (Consolidation) Act, 1908, and the Bankruptcy Act, 1914. Except by special agreements, wages may not be stopped in cases of illness. But illness, if of long duration, is a ground for terminating the service.

A servant may be summarily dismissed for wilful disobedience, gross moral misconduct, inattention, incompetence, claiming to be a partner, and conduct incompatible with the performance of his duties. Little difficulty arises as to the first four of these grounds for dismissal, though a master must not act too capriciously, nor in too narrow a spirit. The last ground opens up a much wider field. No general rule can be laid down as to what will constitute a good cause for summary dismissal, though the judgment of a former Master of the Rolls may be read with advantage as a useful guide. In an action for wrongful dismissal, the plaintiff was the confidential clerk of a firm of general merchants and commission agents, who were in a very large way of business. The defendants discovered that the plaintiff was speculating in differences on the

Stock Exchange to the extent of many hundreds of thousands of pounds, and immediately dismissed him from their service. It was held that they were entitled to do so. The late Lord Esher said: "The rule of law is, that where a person has entered into the position of servant, if he does anything incompatible with the due and faithful discharge of his duty to his master, the latter has a right to dismiss him. The relation of master and servant implies necessarily that the servant shall be in a position to perform his duty duly and faithfully, and if by his own act he prevents himself from doing so, the master may dismiss him. It is not that the servant warrants that he will duly and faithfully perform his duty, because, if that were so, upon any breach of his duty his master might bring an action against him on the warranty. But the question is, whether the breach of duty is a good ground for dismissal. I have never hitherto heard any doubt that that is a true proposition of law. What circumstances will put a servant into the position of not being able to perform, in a due manner, his duties, or of not being able to perform his duty in a faithful manner, it is impossible to enumerate. Innumerable circumstances have actually occurred which fall within that proposition, and innumerable circumstances which never have yet occurred will occur, which also will fall within the proposition. But if a servant is guilty of such a crime outside his service as to make it unsafe for a master to keep him in his employ, the servant may be dismissed by his master, and if the servant's conduct is so grossly immoral that all reasonable men would say that he cannot be trusted, the master may dismiss him. The question is whether we can differ from the learned judge who has determined the question of fact with reference to a confidential clerk to merchants who, in the course of his duty, ought to have to advise his masters upon monetary matters, and who, in the course of his duty, might be called upon by his masters to have in his hands securities of great value, but who is found during the service, secretly from his masters, to have been engaged not in one or two small transactions, but in enormously large gambling transactions on the Stock Exchange in differences, so that he might at any time be landed in immense losses, and whether we can say that the learned judge is wrong in holding that a man who has done that which is incompatible with a safe performance of his duty to his masters, and if the learned judge has held that such a clerk, by such a course of conduct to such an extent has brought himself into a position that the masters cannot fully rely upon his faithfulness—because the clerk has palpably left himself open to temptation, so great that it is beyond safety to the masters and to the masters' business—the question is whether we can say that the learned judge is wrong, or that a jury would be wrong, in finding that that is incompatible with the safe performance of his duty to his master. Wherever a clerk in a mercantile service, or in a service of trust, breaks any of the rules of good conduct, and wherever a jury finds that the master was justified in dismissing him, I should like it to be known by all persons in that position that this court will uphold the decision, and I think that every judge and every jury, if such conduct is brought before them, as has been imputed to and proved against the plaintiff in this case, holding the position which he did in the office of merchants, would come to the conclusion that gambling to a large extent in differences is wholly incompatible



with the due and faithful performance of his duties, if he does so unknown to his master. I should like to say in plain terms, so that it may be understood, that the moment it is made known to a master that his clerk has been gambling to anything like this extent on the Stock Exchange, that of itself will authorise any tribunal in saying that the master was justified in dismissing his servant."

When a servant is dismissed, there is no necessity for the master to state the grounds for his dismissal. If, however, the servant institutes an action for wrongful dismissal, *i.e.*, damages for being dismissed without a proper notice, the employer must be able to prove that he had good grounds for dismissing him, otherwise he may be mulcted in heavy damages where the employment is of a very lucrative nature. The measure of damages is the loss which naturally arises from the effect of the dismissal. This will be, generally speaking, the salary or wages which would have had to be paid if the servant had been engaged up to the end of his proper term of service. But it does not always follow that the servant will obtain the full amount. When he is dismissed, he must endeavour to get fresh employment, and if he succeeds in doing so, the wages paid in respect of the new service are deducted from the amount which would otherwise be claimable from his former master. It is, therefore, just possible that if a dismissed servant gets a new situation at once, the damages sustained will be only nominal.

On the other hand, a servant who quits his master's service without proper notice is liable to an action at law for the damage sustained by the master through the loss of the servant's services. The improbability of obtaining any material satisfaction out of an action of this kind makes this class of case extremely rare. It may be recollected that for maliciously breaking a contract of service in connection with municipal, gas, or water works, a servant may be proceeded against criminally.

When a servant is dismissed, he must leave the master's premises, and if he refuses to do so he may be removed, though no more force must be used in the removal than is actually necessary. If difficulties arise, it is advisable to summon a police constable, who will see that there is no breach of the peace committed.

In the case of a domestic servant who is being summarily dismissed, no master or mistress should ever take upon himself or herself the responsibility of searching boxes, etc.; if a theft is suspected. Nor must the servant be detained. This might give rise to an action for false imprisonment, and the employer would be unable to succeed unless it was shown that a theft had in fact been committed. The proper method to be adopted is to obtain a search warrant (*q.v.*) from a magistrate, when the magisterial authority covers the individual's act. Another way is to call in a police constable, who will advise as to the best course to be taken. A constable can do what a private individual cannot. It is to be remembered that the former can act upon a reasonable suspicion of a felony having been committed; the latter must, in addition, have good grounds for suspecting a particular person before he can act with safety. (See ARREST, RIGOR.)

There is no legal obligation imposed upon a master or a mistress to give a character to a servant, and if there is any doubt about the matter it is the safest plan to decline to say or to write

anything at all. Silence will prevent future annoyance. But if a character is given, it must be an honest expression of the belief of the person giving it. Characters belong to the class of communications known as privileged, for which no action for defamation (*q.v.*) will lie. But the privilege must not be carried too far. And proof of the existence of any express or implied malice will easily destroy the privilege. Malice is a question for a jury, and there are clearly an enormous number of ways in which a jury may find evidence of malice. Each case must rest upon its own facts. The main thing to be observed by way of precaution, when it may be necessary to claim privilege, is to take care to avoid publicity as much as possible, and in order to run no risks as to there being any evidence of malice, communications as to characters should not be sent by post card or telegram, so that they can be read by everybody. The mere sending of a post card containing libellous matter is a sufficient publication. The question as to the recovery of damages in cases of libel and slander belongs to the general law of torts, and needs no further discussion here. A little exercise of common sense and calm discretion ought to make such an action by a servant a practical impossibility, or rather it ought to render the chances of a successful issue for the servant very remote. A master must not, however, in his anxiety to run no risks on the ground of giving a bad character, give a character which is palpably false, and so enable the servant to procure a new situation. If the new master suffers damage through engaging a servant upon the strength of a former good character, the old master will be liable to pay damages suffered by the new one through the servant employed, on the ground of deceit. But the character in such a case must be a written one. (See DECEIT.) Lastly, a master who wilfully gives a false character to enable a servant to procure a new situation is guilty of a misdemeanour, and is liable to be prosecuted.

Where a servant has had a written character of a general nature upon entering into a particular service, and not one specially addressed to his employer, the master is bound to return such a written character before or at the termination of the service, and is liable for damages in case he mutilates or destroys the same.

Special provisions were made for the settlement of disputes between employer and workman, other than seamen or apprentices to the sea service, by an Act of 1875.

Special provision has been made in recent years for the settlement of disputes between employers and workmen. It does not apply to domestic or menial servants. Proceedings may be taken in a county court, and the court may—

(1) Adjust and set off against each other the claims of the employer and workman, whether the claims are liquidated or unliquidated, and are for wages, damages, or otherwise.

(2) Rescind, if it thinks proper, any contract between the workman and the employer on such terms as to the apportionment or payment of wages or damages as may appear just.

(3) Accept security from the defendant, with the consent of the plaintiff, that he will perform his contract. The security must be an undertaking by the defendant, and one or more sureties, that the defendant will perform his contract, subject, on non performance, to the payment of a sum to be specified in the undertaking.

Where the amount claimed or in dispute does not exceed £10, the matter may be heard and determined by a court of summary jurisdiction. No security then taken may exceed £10.

It is an indictable offence for any persons to conspire together to obstruct an employer in the conduct of his business by persuading his workmen to leave him, or to induce him to make a change in the mode of carrying on his business. But no action will lie against an official of a trade union for procuring the dismissal from their employment of non-union workmen in the same trade, unless the dismissal is brought about by the employer being induced to break his contract with the workmen. On the other hand, however, a malicious conspiracy of several persons to induce a person in his business by inducing his customers or servants to break their contracts with him, or not to enter into contracts with him, not to deal with him, or not to continue in his employment, when such conduct results in damage is actionable. But trade unions are now protected by the Trade Disputes Act, 1906.

For the settlement of trade disputes, juries have been conferred upon the Board of Trade to effect a conciliation. This is now effected in various ways. When it is shown that any difference exists between an employer and his workmen, the Board has authority to enquire into the causes and circumstances of the dispute, to take steps to arrange a meeting of the parties, and to appoint a person or persons to act as arbitrator, conciliator, or as a board of conciliation.

**MASTER OF A SHIP.** This is the same as the commander of a merchant ship. His authority is confined to the navigation of his vessel and to the absolute control of its management during the continuance of the voyage. An agreed agreement will be sufficient to extend these powers. As to his peculiar powers where there are exceptional difficulties as to the completion of any particular journey, see BOTTOMRY AND RESCUEMENT.

**MASTER OF THE ROLL.** As the clerk of the public record, an officer dating from the time of Edward II, the portion of the Master of the Roll is one of great honour, as well as of great authority. At the present time, however, he is chiefly known as the acting President of the Court of Appeal. In addition to his judicial functions, he has a certain amount of control over the solicitors practising in England and Wales. It is the Master of the Roll who signs the certificate of every solicitor (*q.v.*), and whenever a solicitor is struck off the roll, it is to him that any application must be made for his reinstatement. The salary attached to the office is £6,000 per annum.

**MASTER PORTER.** This is a person who is licensed by the various dock companies and harbour boards to attend to the receiving, weighing, and sorting of goods, or to the proper discharge of vessels on their arrival in port.

**MASTIC.**—A pale yellow gum resin obtained from the bark of the *Prickashanthu*, a tree common in South Europe, particularly in Greece. It becomes on exposure to the air, brittle, softens again under the action of heat. It is employed in the preparation of a varnish for vanishing prints, etc., and is sometimes used as a cement stopper in dentistry.

**MATCHES.** Splints made usually of white Canadian pine, tipped with a combustible compound which easily ignites by friction. The splints, which are the length of two matches, are fixed by

the middle in frames, and both ends are then slightly charred, passed through a bath of paraffin wax, and finally dipped into the igniting paste. This varies in composition according to the manufacturer, but usually contains, in the case of non-safety matches, red and white phosphorus, chlorate of potash or saltpetre, red lead or black oxide of manganese, and sand or powdered glass. These ingredients are coloured by means of an aniline dye and are mixed with glue or dextrine. After the matches have been dipped in this paste, they are heated out in two, and boxed. As white phosphorus is injurious to the matchmakers, and may be too easily ignited, the use of this ingredient has fallen into disrepute, and is even forbidden by law in Holland and Denmark. The paste with which safety matches are prepared consists of chlorate of potash, sulphide of antimony, and glue, without phosphorus. The latter material, however, present, together with black oxide of manganese or sulphide of antimony in the coating which forms the rubbiness of the box. As it requires a highly inflammable paste, a violent friction would kindle them, atoms of wax or tallow. The usual igniting composition is employed in the case of fuses, but they are previously dipped in another paste containing nitre and charcoal. As France the manufacture of matches is a Government monopoly, and the paste consists generally of a mixture of sesquiphosphide of phosphorus. Match-making is an important industry of Great Britain, the United States, Austria, and Germany, but the largest exports come from Scandinavia, where Jönköping does a tremendous trade.

**MATE.**—The person who is second in command of a vessel, acting as deputy of the captain or master when the latter is unable to command. In the case of large vessels, there are first, second, and third mates, each being in readiness to take supreme command if all the others are incapable, by accident or otherwise.

**MATE.**—An infusion prepared from the leaves of the *Ilex paraguayensis*, a species of holly tree found in South America. It contains the active principle of tea, and is often known as Paraguay tea. It is a favourite beverage in South America, especially in Brazil, lemon juice being used instead of milk.

**MATE'S RECEIPT.** This is the document which is given by the mate of a ship acknowledging the receipt of specified goods on board. This receipt is afterward given up to the ship broker in exchange for the bills of lading (*q.v.*).

**MATICO.**—The aromatic leaves of a Peruvian shrub used in medicine for their styptic properties.

**MATTING.** The materials used for this purpose are dealt with under separate headings.

**MATURE.**—A bill of exchange is said to mature when the date of payment has arrived.

**MATURITY.**—This term signifies the date upon which a bill of exchange, a promissory note, or any other similar commercial document becomes payable.

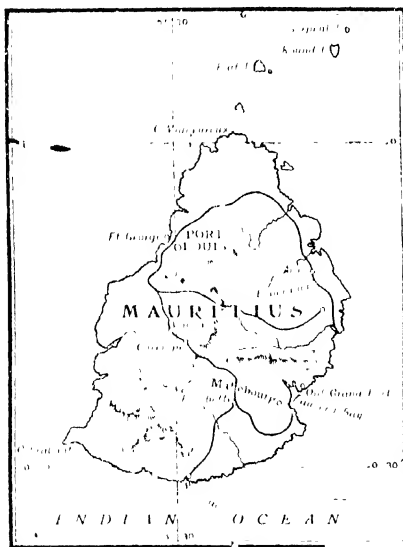
**MAUND.**—(See *FORGER, WEIGHTS, AND MEASURES, PRESTY*.)

**MAUNDY MONEY.**—Every year upon Maundy Thursday, the day before Good Friday, a distribution is made of money to a certain number of poor men and poor women, the number corresponding with the age of the Sovereign. The coins distributed are silver ones: a fourpenny piece, a threepenny piece, a twopenny piece, and a penny piece. The standard weight of these coins is set out in the

article COINAGE. Except as curiosities to collectors of coins, Maundy Money has no interest whatever as far as commercial matters are concerned.

**MAURITIUS.** Mauritius is an island in the Indian Ocean, about 500 miles east of Madagascar. It has an area of 713 square miles and a population of about 385,000. At one time the coloured population consisted entirely of imported negroes. Now, however, two-thirds of the people are Indians.

The greater part of the surface is mountainous, the chief lowland area being in the north. The shores are fringed with coral reefs, and the only good harbours are at *Port Louis* (48,000) in the north-west, the present capital and chief port, and *Grand Port* in the south-east, where the original Dutch settlement was made, but now almost abandoned on account of the silt caused by the south-east trades. The largest inland settlement



is Curepipe, which on account of its altitude enjoys a cool climate. There are altogether about 130 miles of railway in the colony.

The principal industry is sugar growing, now carried on largely by Indians on small holdings. Cocoanuts, vanilla, hemp, and other fibres are also grown. Except near the coast, the valuable forests that formerly existed have been cut down. The chief exports in order of value are sugar, fibres, molasses, rum, vanilla, and coconut oil. Most of the trade is with other British Possessions in the Indian Ocean, South Africa, India, and Australia.

The imports are almost entirely from Britain, and comprise manure, cotton goods, machinery and iron goods, coal, and soap.

The island was captured from the Dutch in 1810, and is now administered as a Crown Colony.

When first discovered, Mauritius was the home of the now famous and extinct dodo, while in the neighbouring island of Aldabra were found giant tortoises.

There are several dependences of the colony, including *Rodrigues* (8,000), which exports beans,

maize, salt fish, cattle, and fruit; and the *St. Brandon* or *Cargados Islands*, of which the most important is *Diego Garcia* (500).

The time of mail transit via Aden is twenty-four days.

**MAW SEED.**—The seeds of a species of poppy used as a food for cage birds. The imports come from Russia.

**MAYOR.**—The highest municipal office to which a burgess or citizen can attain. The appointment of a mayor is made annually on the 9th November, unless that date happens to be a Sunday, when the following day is the one selected for the appointment. The mayor is the principal magistrate for his year of office.

The choice of a mayor is generally made from amongst the members of the borough council who have served for a considerable number of years and gained experience. There is nothing, however, to prevent a person outside the council being appointed, so long as he is one who is qualified otherwise to be a councillor, and where the duties are of an onerous and expensive character, it may become very necessary to go to outside persons to find willing candidates. In many towns there is no emolument fixed to the office, but some of the larger and more important cities are finding it imperative to make some allowance.

Since the passing of the Act of 1907 extending the qualifications of women (County and Borough Councils Act, 7 Edw. VII c. 33), any woman who is qualified to be an elector may now be elected as mayor, alderman, or councillor. The Act only applies to England. A woman cannot be Lord Mayor of London.

The mayor is verbally addressed as "His Worship," and in writing as "The Worshipful the Mayor of ———."

In recent times the chief magistrates of Birmingham, Bradford, Bristol, Cardiff, Hull, Leeds, Liverpool, Manchester, Newcastle-on-Tyne, Norwich, Sheffield, York, Belfast, Dublin, and Cork, are styled as Lord Mayor.

The Lord Mayor of London is of old standing, and occupies a somewhat unique position. The Lord Mayors of London and York are also entitled to the prefix "Right Honourable," although they are not necessarily members of the Privy Council, to the members of which it is often erroneously imagined that this prefix is strictly confined.

**MAYOR'S COURT.**—This is one of the oldest civil courts in the country, its history going back to Saxon times. It is often known, though incorrectly, as the Lord Mayor's Court. At the present time its jurisdiction is unlimited so far as personal actions are concerned, if the cause of action or any part thereof has arisen within the city.

It sits about once a month, except that there is but one sitting (during the period 1914-18 there was no sitting) in the Long Vacation (*q.v.*), and goes on from day to day until the lists are closed, though there is very rarely any court held on a Saturday. The judges are the Recorder of London (*q.v.*), the Common Serjeant (*q.v.*), and the Assistant Judge. Almost all cases are tried by a jury, though the right of trial by jury was curtailed by the Jury Act, 1918 (See JURY). The procedure of this court is peculiar, the old forms in use before the Judicature Acts being still in vogue. There is a right of appeal from this court to the Divisional Court as there is in county court cases, but the procedure is of a totally distinct character.

**MEAD.**—The yellow fermented liquor prepared from honey and water, and long used as a beverage in North Europe. The name is now given to much stronger liquors, which contain brandy and fruit juices in addition to honey.

**MEASUREMENT ACCOUNT.**—For the purpose of calculating the freight upon goods of a light character, measurements are taken of the length, breadth, and depth of the cases in which such goods are despatched. These measurements are entered into an account known by the above name. When the freight is charged in accordance with measurement, the method invariably adopted for light goods, it is the practice to reckon 40 cubic ft. to the ton.

**MEASUREMENT GOODS.**—Goods upon which the freight is charged by measurement and not by weight. (See *MEASUREMENT ACCOUNT*.)

**MEASURES.**—(See *WEIGHTS AND MEASURES*.)

**MEAT EXTRACTS.**—Nonshining preparations packed compactly for convenience of storage. They are obtained by boiling down the carcases of oxen, but the processes of manufacture are known only to the makers. The meat "essences" are even more nutritious than the "extracts." The industry is growing in importance both in Europe and in America.

**MEDJIDIE.**—(See *FOREIGN MONIES*. *TRIPOLY*.)

**MEDLAR.**—A tree belonging to the rose family, but yielding a yellow, pulpy fruit about the size of an apple, which is used for making jams and jellies. The medlar abounds in South Europe, but a wild variety is found in Britain.

**MEDOC.**—A famous claret named after the place in the Gironde district where it is made. Bordeaux is the centre of the export trade.

**MEERSCHAUM.**—A porous, fine-grained, soft, and compact mineral of white or yellowish colour. It consists of a hydrated silicate of magnesium, and occurs in clayey beds in Asia Minor, Greece, Morocco, and Spain. It is chiefly used in the manufacture of pipes and cigar-holders, an industry for which Vienna is famous. France also does a trade in fancy pipes made of meerschaum, but an artificial process is largely employed. The name is a German word, meaning "sea-foam," and is due to the tradition that meerschaum was obtained from that source by petrification.

**MEETINGS.**—In the case of public bodies, such as borough councils, county councils, district councils, etc., the articles relating to their meetings will be found under the heading of the body concerned, and to each of these reference must be made for full information.

**MEETINGS, COMPANY.**—The administration of limited liability companies is carried on, for the most part, by means of meetings, these meetings are of two distinct characters. The first are the meetings of the executive or board of directors, who exercise executive control over the management of the business. The second class of meetings are those of the shareholders, which are further subdivided into meetings of three distinct classes: (a) Annual or general meetings, (b) extraordinary meetings, and (c) a statutory meeting, which is the first meeting of the general body of shareholders in a company's career. It will be convenient to discuss the procedure as to the manner of convening and conducting these meetings separately.

**Directors' Meetings.** The provisions required by the statutes for holding meetings of directors are embodied in Section 71 of the Companies

(Consolidation) Act, 1908, wherein the proceedings of all meetings, whether general meetings of shareholders or meetings of the Board, are to be recorded in the form of minutes and entered in books kept for such a purpose. The Section further enacts that any such minute, when signed by the chairman of the meeting at which the proceedings were transacted or by the chairman of the meeting next succeeding, will constitute indisputable evidence of those proceedings. It will be necessary to refer to the articles of association regulating the company's transactions, in order to discover the precise conditions under which meetings of directors are to be held. In general, they may be stated as follows:—

"1. Board meetings are to be held at such times and places as the general body of the directors may determine. It is usual to arrange for time and place of future meetings at a meeting of the board, when properly convened, but any individual director can request the secretary to call a board meeting whenever he chooses.

"2. If vacancies occur upon the board of directors, and the number of directors remaining are reduced to a smaller number than those required by the articles of association, the directors still acting have power to appoint such other members of the company as are qualified to be directors, they may themselves summon a general meeting of the shareholders for the purpose of appointing new directors, but until a sufficient number of directors have been appointed to conform with the requirements of the articles, no action of the directors will be valid.

"3. Questions put to the vote at meetings of the board will be decided by a show of hands, decisions being arrived at by a majority of those present. Where the votes for and against are equal, the chairman has power to exercise a second or casting vote.

"4. It is usual to find in most articles of association some provisions which permit of separate committees being formed amongst the directors to transact any specified business such as, for instance, to deal with the transfer of shares or to report upon financial matters of the company. Unless the articles specify to the contrary, it will be quite competent for the board to delegate one director to perform such duties. Business transacted by these committees, or by a director deputed for this purpose, is to be reported to and confirmed by the directors at a subsequent meeting of the board.

"5. The number of directors to constitute a quorum, without which no business can be transacted, will vary with all companies. The point will probably be decided by the articles of association. If, however, no provision is made for this, then a majority of the directors appointed must constitute a quorum. It is unusual to find that directors have been invested with the power of arranging amongst themselves as to what number shall constitute a quorum.

"6. The chairman who presides over board meetings will be the chairman of the company, but if no chairman has been elected, or if the official chairman so elected is not in attendance within a certain prescribed time from the time of commencing the meeting according to notice, the directors present may then choose a chairman to act at that meeting.

"7 In all probability the articles of association will require the secretary to give a proper notice to each member of the board or of any committees delegated by the board. So long as a director is not abroad, he is entitled to receive such a notice, and it can be deemed to have been duly delivered to him when sent to his registered address, even though his actual whereabouts are known to those responsible. It is usual to specify on the notice some nature of the business to be transacted at the meeting. The usual course is for directors to pass a minute at one of their early meetings laying down some definite requirements as to this point, and dealing with any other matters not covered by the articles, which, in this connection, must be very carefully scrutinised."

The procedure to be observed at board meetings will be regulated by the agenda drawn up for each meeting (see AGENDA). It will be incumbent upon the chairman to see that the items are dealt with in strict rotation. It is usual to provide each member of the board with typed copies of the agenda, to be dealt with as an additional safeguard against any member raising points which are irrelevant to the business under discussion.

These members of the board attending each meeting will be required to sign an attendance book kept for the purpose, at the same time the chairman will enter upon the agenda paper the name of each director as he arrives. These entries upon the agenda papers should be made to tally with the signatures in the attendance book before the meeting terminates. It is important to note that all business transacted at meetings of the directors, or by a committee, the proceedings of which have been confirmed by the Board, are perfectly valid, though it may be shown that one or other of the directors who has voted for the business carried at any particular meeting was not qualified to act, or even if any defect exists in regard to his standing as a director as provided by the articles of the company.

**Ordinary, General, or Annual Meetings.** These meetings constitute the annual gathering of the shareholders when the business of the past year is taken under review, and when directors and auditors are elected for the ensuing year. The Companies (Consolidation) Act, 1908, Section 64 (1), requires all companies to hold a meeting once at least every year, the interval between any two meetings must not be more than fifteen months. In connection with this provision, the statute imposes a heavy penalty of £50 against every officer of the company who knowingly makes default. The clauses of Table A, which constitutes the first schedule to the above mentioned statute, contain valuable illustration of what is required in this connection. Although the articles of some of the companies may differ to some extent, it will be usually found that the provisions of the table will apply in most instances.

The first important clause is 46, which repeats the provision of the Section above-mentioned, namely 64, and requires that, in default, the meeting shall be held in the month following that in which the anniversary of the company's incorporation occurred, the place of meeting to be decided by the directors. If the meeting is not so held, any two members may convene a meeting in the same manner as though the meetings were called by the directors.

The next clause distinguishes between special meetings of shareholders and general meetings, which are to be called "ordinary meetings."

Seven days' notice is to be given specifying the place, day, and hour at which the meeting is to take place, the seven days being reckoned so as to exclude the day on which the notice is despatched, so that the notice should be posted at least eight days before the holding of the meeting, in order to give seven clear days. Any special business and the general nature of this business must be specified in that notice, and the notices must be sent to all persons who are entitled to receive them. Should, however, a notice which has been duly despatched not reach any particular member or members, the proceedings at the meeting, when held, will not be invalidated.

Clause 51 forbids any business to be transacted unless a quorum of members is present when the meeting is due to commence. Table A gives three members as a quorum. The next clause lays it down that if within half an hour from the time for the commencement of the meeting a quorum has not been formed, the meeting will stand adjourned until the same day of the following week, but if the meeting was called on a requisition of members and a quorum be not formed, then the meeting can be deemed to be dissolved, a quorum is to be formed by members actually present.

The chairman to preside over meetings of shareholders will be the chairman of the board of directors, or the chairman designated as the chairman of the company, but if the chairman is not present within fifteen minutes from the time when the meeting is announced to commence, or if he is not willing to act in that capacity, the members present are at liberty to choose a substitute from one of their number.

The chairman is empowered, with the consent of the meeting when a quorum is present or he may be so directed by the meeting, to adjourn that meeting till a future time and place, but at such adjournment no other business than that for which the original meeting was convened can be transacted. If a meeting is so adjourned for ten days or upwards, a fresh notice of the adjournment of the meeting is required, which notice must be given in the same manner as for general meetings of the shareholders, but if the adjournment is for less than ten days, a fresh notice is unnecessary.

Resolutions are put to the vote at general meetings, and will be carried by a mere show of hands, unless a poll has been demanded by three or more members, whether the declaration of the result of the show of hands has been made or not.

Where the result of a show of hands has been declared by the chairman as to a majority, or if the measure has been lost and a record has been made in the minute book, it is conclusive evidence, and requires no further proof of the number of votes recorded for and against a particular resolution put to the meeting.

Clauses 57, 58 and 59 give directions as to the method of dealing with a demand for poll. It is open to the chairman to choose the method of taking a poll, and the result of that poll will be deemed to be the resolution before the meeting when the poll is demanded. The chairman is given power to exercise a second or casting vote where an equality of votes exists as a result of the show of hands or as a result of a poll, if a poll is demanded as to the election of a chairman or upon

a question of adjournment, the poll has to be taken forthwith, but a poll demanded upon any other question before the meeting may be taken at such time and place as the chairman of the meeting may elect.

Members are generally provided with tickets of admission to meetings, but if the number of share holders is small, it will be sufficient if members are required to sign their names in an attendance book kept at the entrance to the meeting room. Cards of admission will contain the name of the member, and should further require the member to attach his signature before giving the ticket up to the attendant. No member should be admitted unless this has been done, as it is essential that the signature of all members attending must be obtained, whether on card or in an attendance book.

The following is a form of notice usually accompanying the report and accounts to be considered at general meetings:

#### THE . . . COMPANY, LIMITED

##### Notice of Ordinary General Meeting

*Notice is hereby given that the Ordinary General Meeting of the Company will be held at the . . . on the . . . day of . . . 19 . . . at . . . o'clock, for the purpose of passing the directors' report and accounts, to elect directors and auditors, to declare dividends, and for the ordinary business of the Company.*

*By Order of the Board*

*Secretary*

*Dated at . . . The Registered Offices of the Company, this . . . day of . . . 19 . . .*

The voting power of members, as well as the powers conferred upon the members as to voting by proxy (*q.v.*), will be contained in the articles of association of every company. It is usually left to the directors to prescribe what form the proxy shall take, in the absence of any requirements contained in the articles; the form given in Table A makes no provision for the appointment of a witness; in practice, however, this is almost universally required. Proxy forms should be completed and lodged with the secretary at the company's registered offices not less than forty-eight hours previous to the time fixed for the commencement of the meeting. The articles will in all probability contain some provision for this; if proxies are not delivered within the specified time, the chairman is empowered to announce their invalidity, but he should give the cause.

**Extraordinary General Meetings.** Any meeting specially called for a particular purpose, at which it is desired to submit a special resolution, or when the board desire to discuss with the general body of the members any important project, or if they desire to take up the question of the policy of the company, would be termed an extraordinary general meeting. To do this, the same conditions apply as regards the notice when calling an ordinary general meeting, and if it is desired to submit a special resolution, the full text of that resolution must be given in the notice convening the meeting, and no other resolution can be put to that meeting unless due notice and the full text of the resolution

is given to the members in the manner prescribed; it is not possible to discuss or decide any business at these meetings unless due notice of the projects or of the resolutions in hand is given to the members.

The Companies Act, 1908 (Sect. 66), set aside any provisions which may be contained in the articles of association, in that it provides members of the company with the power to call an extraordinary general meeting, if sufficient members, who hold, in the aggregate, not less than one-tenth of the issued capital, and provided those members have paid all the calls upon their shares.

The requisitionists are required to state their object for demanding such a meeting, which should be drawn up in a composite document and signed by each, though it would be quite in order if the requisitionists severally deposited a demand for a general meeting, but they must be each drawn in the same manner and presumably for the same object or objects, and each should be signed as though the requisition were a composite one. The requisition is to be deposited at the registered office of the company, and if the directors do not call a meeting within twenty-one days, a majority of the requisitionists, represented by the value of their holdings, may call a meeting themselves, but it is required that any meeting thus convened is to be held not more than three months after the date of lodging their requisition with the directors. The above-named Section also requires that a meeting so called shall be convened in the same way as though it would be called by the directors, and the manner of calling the meeting must coincide with the requirements of the company's articles; the secretary is not empowered to call a meeting upon the presentation of a requisition, but can only do so by an order from the Board, when notice of the meeting will be given in the ordinary way, but if the secretary does call a meeting to comply with a requisition, the directors may afterwards ratify his action, providing notice is given before the date for holding the meeting, and this ratification must be made at a properly constituted board meeting; ratification by individual members of the board would be useless.

**Statutory Meetings.** The requirements of the Companies Act, 1900, first introduced this class of meeting; the provisions of that statute were, however, somewhat less stringent than those now contained in Section 65 of the Companies (Consolidation) Act, 1908; indeed, all companies other than private companies are now required to lay before their members a vast amount of information as to the result of the company's flotation and the financial standing up to a given date before the meeting is called. Every company not being a private company is now required to hold this statutory meeting, and to place before its members a report setting forth the information contained in the paragraphs below. (Private companies are exempted from making the report, but they must hold a meeting.)

"1. Every company with limited share capital is to hold a meeting not less than one month nor more than three months after the date when it is entitled to commence business, such meeting to be termed the statutory meeting.

"2. Seven days before the date of the meeting the directors must forward a report to every member. A draft of this report must accompany the notice, and each of the particulars

required to be given can be omitted. It should be noted here that in giving the notice above-mentioned, nine days should be allowed before the date of the meeting.

"3 The report is required to state the number of shares allotted of each class and the amount called up in each class, the total amount of cash received by the company both in respect of shares of different classes and also as regards debentures. In addition to these receipts, the payments of the company on capital account are to be stated, both receipts and payments being recorded up to the date of the report, the amount of expenses of promotion is also required. The names, addresses, and occupations of each director, and the names and addresses of the auditors, manager, and secretary, finally, particulars of any material contract mentioned in the prospectus which has been modified, and the particulars of such modification or a proposed modification. The report is required to be signed by two directors, and in respect of cash statements by the auditors, who are to certify that the statements as to cash receipts and payments are correct.

"4 A copy of the report, after certification by the auditors and signature by the directors, and after the report has been sent to the members, is to be filed at Somerset House.

"5 A list of the members of the company, giving names and addresses, descriptions, and the holdings in each class of each member, is required to be produced at the meeting and before the commencement thereof, such list to be accessible to any member during the meeting.

"6 Members attending the statutory meeting have the right to discuss any matter bearing on the company's formation, or any subject arising out of the report, and, further, members are not required to give notice of their intention to do this. It is not possible, however, to put any resolution to the meeting unless due notice has been given in the manner required. (See RESOLUTIONS.)

"7 The meeting may be adjourned from time to time, and any adjournment or resolution may be put where proper notice has been given in compliance with the company's regulations. An adjourned meeting will be regulated in the same manner as the original meeting.

"8 Any member is allowed to petition if the directors have not filed the report or have failed to call the meeting for the purpose of winding-up the company in accordance with Part IV of the above-mentioned Act. The petition, however, cannot be made until fourteen days after the date upon which the statutory meeting should be held. The court may compel the persons responsible for the default to pay the cost of such petition."

The same conditions as to voting and proxy holders will apply equally in all meetings of the shareholders, being, of course, regulated by the company's articles in all respects.

The procedure at all general meetings must be carried out in proper order and in accordance with an agenda previously drawn up. Arrangements will be made by the secretary with the different persons attending the meeting who will be called upon to move and second the various resolutions or motions to be discussed.

**MEETING OF CREDITORS.**—With a view to enabling creditors to discuss what steps shall be taken in a bankruptcy, the Bankruptcy Acts, 1914, makes provision for the meeting of creditors. Within fourteen days of the receiving order the official receiver gives notice to creditors of a general meeting to be held for the purpose of considering whether a proposal for a composition or scheme of arrangement shall be entertained, or whether it is expedient that the debtor should be adjudged bankrupt, and generally to consider the best mode of dealing with his property. This meeting is summoned by the official receiver for a date not later than fourteen days after the receiving order, unless the court thinks it desirable to appoint an earlier day. Notice of the meeting is *Gazetted*. The official receiver, or some person nominated by him, acts as chairman. The debtor must attend, whether he has had notice of the meeting or not, unless prevented by illness. In addition to the meeting referred to above, which is termed "the first meeting," the official receiver or trustee may at any time summon a meeting, and must do so whenever so directed by the court, or so requested in writing by one-fourth of the creditors. A creditor may also, with the concurrence of one-sixth in value of the creditors (including himself), require a meeting to be summoned. In such a case he must pay a deposit to cover expenses, which will be repaid if the creditors or the court so direct. The *quorum* at a meeting of creditors is three, unless, of course, there are fewer creditors than that. Minutes of the proceedings are kept and signed by the chairman at the next meeting. A creditor may not vote at a meeting until he has duly proved a debt provable in the bankruptcy to be due to him from the debtor, and the proof has been duly lodged before the time appointed for the meeting. An unliquidated or contingent debt would give him no right to vote. If a creditor holds a bill of exchange or promissory note, he must produce it for the purposes of a proof which is to entitle him to vote.

A secured creditor, in order to vote, must, unless he surrenders his security, state in his proof the particulars and date of his security, and the value at which he assesses it, and may only vote in respect of the balance (if any) due to him after deducting that value. If he votes in respect of the whole debt, he is deemed to have surrendered his security, unless the court is satisfied that the omission to value has arisen from inadvertence. A creditor who states that his security is worthless does not omit to value within this rule, nor does the fact that the valuation was based on erroneous information amount to inadvertence. Where a creditor assesses the value of his security, and votes in respect of the balance, the trustee may have the security at the assessed value, with 20 per cent. added, but where the creditor has valued, he may at any time before he is required to give up the security, correct such valuation by a new proof, and deduct such new value from his debt. In that case, however, the addition of 20 per cent. shall not be made, if the trustee requires the security to be given up. A creditor who holds a current bill of exchange or promissory note must not vote in respect thereof, unless he is willing to treat the liability thereon of every person who is liable thereon antecedently to the debtor, and against whom a receiving order has not been made, as a security in his hands and to estimate the value

thereof, and for the purposes of voting, but not for the purposes of dividend, to deduct it from his proof. A creditor may vote either in person or by proxy. A proxy must be deposited with the official receiver or the trustee before the meeting at which it is to be used. Forms of proxies are sent out with the notice summoning the meeting of creditors. A creditor may give a special proxy to any person to vote at any specified meeting, or adjournment thereof, on all or any of the following matters—

(a) For or against any specific proposal for a composition or scheme of arrangement;

(b) For or against the appointment of any specified person as trustee at a specified rate of remuneration, or as a member of the committee of inspection, or for or against the continuance in office of any specified person as trustee or member of the committee of inspection;

(c) On all questions relating to any matter, other than those above referred to, arising at any specified meeting or adjournment thereof.

A creditor may give a general proxy to his manager or clerk or any other person in his regular employment. In such a case the instrument of proxy shall state the relation in which the person to act thereunder stands to the creditor. The official receiver may, however, be appointed by any creditor to act as general or special proxy.

The proxy must be deposited with the trustee or the official receiver not later than the day before the meeting at which it is to be used.

**MEETINGS OF DEBENTURE HOLDERS.** The rules and regulations recognised by custom for holding and conducting public meetings generally apply equally to meetings of debenture holders. Notice must be given to all persons entitled to attend, the necessary quorum must be present before any business can be validly transacted, a chairman must preside over the meeting, and the proceedings be conducted in an orderly fashion; the usual rules and courtesies of debate being observed. All these matters are dealt with elsewhere in this work, and will be found without difficulty under their appropriate headings. The purpose here, however, is to give some idea of the provisions regarding meetings likely to be found in the conditions governing issues of debentures.

These conditions vary considerably for different companies, even as the debentures themselves vary. Thus, apart from there being registered debentures, debentures to bearer, registered debentures with interest coupons attached, bearer debentures capable of registration, and debenture stock, there are also the differences occasioned by the nature of the security. This may be in the form of a floating charge on the company's property or some specific part of the company's property may be vested in trustees for the debenture holders, thus constituting a fixed charge, or there may be no security at all, except the company's undertaking to pay the interest and principal when due.

For each of these descriptions of debentures the condition of issue will naturally be different, and, incidentally, the regulations (when there are any) governing the meeting of the holders will probably vary also.

Debenture holders do not hold regular meetings as is the case with shareholders. The necessity for their meeting will only arise in the event of the company failing to meet its obligations, either as to interest or principal, or, if it is considered that the security is in jeopardy, or, if it is desired to

bring about some alteration in the terms of issue, i.e., some compromise between the debenture holders and the company, such as sanctioning surrender and release of any of the mortgaged property, or a reduction in the rate of interest, or postponement of the date when the principal falls due.

If there are no provisions in the conditions of issue for holding meetings, it will probably be necessary to apply to the court, which, if it thinks fit, will direct the calling of a meeting and will nominate the chairman, but for an issue of debentures of any magnitude it is customary to have a trust deed wherein provision is made for concerted action by the holders of the bonds in certain eventualities.

Another method is to include amongst the conditions endorsed on the bonds a regulation for the convening and holding of meetings.

The power to convene is usually left with the trustees, but not infrequently the company is also given this power, although no meeting should be called by the company without due notice to the trustees, stating the time and place of meeting and the business it is proposed to transact thereat.

The debenture holders are commonly given the power to compel the trustees, or the company, to convene a meeting on a requisition signed by the holders of a certain proportion of the issue (or in the event of a part having been redeemed, of a proportion of the amount outstanding), say, one-tenth, and if the trustees or the company refuse to call a meeting on such requisition, the bond holders themselves are given the power to convene it. The trustees and then solicitor have the right at all times to be present, whoever convenes the meeting, whether it be the trustees, the company, or the debenture holders. The conveners usually have the privilege of nominating the chairman, and if the conveners do not do so, or if the person appointed does not attend within a reasonable time from the hour fixed for the meeting, those present can choose one of their number to act as chairman.

Proper notice of the meeting must be given to all entitled to attend, if the debentures are registered debentures a notice must be had to the register, which will be in the possession of the company, for the names and addresses of the holders. If the debentures are in the form of bearer bonds, then the notice will be by advertisement.

With regard to the necessary quorum, the Stock Exchange requires this to be a clear majority in value of the whole of the debenture holders, and insists that a provision to this effect should be contained in every trust deed securing an issue of debentures in respect of which an official quotation is desired, representation by proxy is allowed.

It was often found well nigh impossible to obtain the representation of so large a proportion of debenture issues, and the Stock Exchange now allows a clause in trust deeds to the effect that if the prescribed quorum is not present within a reasonable time after the hour appointed for the meeting, it may be postponed until another day, when the bond holders who are present at the postponed meeting shall form a quorum.

If the conditions provide that certain business can only be transacted by means of a special resolution or an extraordinary resolution, without defining those terms, the definition contained in Clause 63 of the Companies (Consolidation) Act,



1908, would probably have to be followed, although the clause in question relates to general meetings of the *members* of the company. It is, however, usual to define in the conditions what is intended by the terms in question.

Acts of any importance, especially those involving any modification of the rights of the bond holders, are usually effected by extraordinary resolution, the term "special resolution" scarcely ever finding a place in the conditions of issue.

Voting, in the first instance, is commonly by show of hands, each voter having one vote. On a poll votes are usually allowed according to the value of the debentures held by each voter. If specially provided, but not otherwise, the chairman will, in the event of a tie, have a casting vote.

Representation by proxy is usually permitted, although if the bonds are to bear this is unnecessary, the holder being regarded as legal owner, whether such is in fact the case or not.

A very important point to bear in mind with reference to the powers of a majority at meetings of debenture holders is, that unless there be special powers in the conditions of issue, enabling a majority to make such modification as may be specified, no modifications can be carried out against any holder who objects. He may insist on strict adherence to the original bargain, to the injury, perhaps, of some who have a largely preponderating interest.

It must be understood that no settled procedure can be laid down as applying to all meetings of debenture holders; the information given in this article is merely an indication of the provisions which usually govern these meetings. The terms of issue and the trust deed (if any) must always be consulted by those responsible for either conveying or conducting the meeting.

**MELINITE.** The leading French military disruptive explosive, modified until it now resembles lyddite (*q.v.*)

**MELON.**—The juicy fruit of the *Cucumis melo* of the gourd family. The variety known as the water melon is most popular. Great Britain's supplies come mainly from Spain and Portugal, but the fruit is widely distributed throughout South Europe, and may be grown in frames in England.

**MELTON.**—A soft, but strong, broadcloth used for men's garments.

**MEMORANDUM.** As to the memorandum required in certain cases to evidence a contract, see FRAUDS, STATUTE OF, and SALE OF GOODS.

**MEMORANDUM OF ASSOCIATION.**—Whenever a joint stock company is formed, it is necessary that its objects should be set out with certainty and clearness, so that the public may know on what basis trading is to take place. It is not like an individual trading on his own account or a combination of several persons trading in partnership, when the extent of the business may be as great as possible. A company is a new legal entity which can only be brought into existence in certain ways, and statute law has decreed that it shall be carefully circumscribed as to its powers.

The document which sets forth the objects of the company is the memorandum of association, and it is, in fact, the charter of the company. It has to be prepared at quite an early stage, for until it has been filed, along with the articles of association (*q.v.*), if there are any articles, the company cannot be incorporated.

This memorandum is a most important document,

seeing that it governs the company in respect of its transactions with the outside world, and it is to be carefully distinguished from the articles of association, which are the rules regulating the relations of the members of the company among themselves. In short, the memorandum describes the whole purpose for which the company is formed, and so long as it is unaltered, no act can be done which is not permitted by the memorandum. Any attempt to do something outside is *ultra vires* and illegal.

Together, the memorandum and the articles of association constitute, as it were, the "title deeds" of the company.

In the case of a public company seven or more persons are required to subscribe their names to the memorandum of association. In the case of a private company (*q.v.*), two are sufficient.

These persons may be either British subjects or foreigners, but the purpose of the combination to form a joint stock company must be legal according to English law. The company may be incorporated with or without limited liability. The curious anomaly of two or more aliens being able to combine so as to become a British company gave rise to much comment during the period of the Great War. No doubt the whole subject of Company Law, so far as aliens are concerned, will be revised at an early date. There are temporary restrictions as to alien enemies imposed by the Alien Restriction Act, 1919.

The memorandum is generally prepared by the promoter (*q.v.*) or the promoters of the company, when it is submitted to the proposed directors of the company which is about to be established. The contents will vary according to peculiar circumstances. There are, however, certain general requisites which must be complied with. These requisites are all fully set out in the Companies (Consolidation) Act, 1908. By the Act it is also prescribed that the forms in the third schedule of the Act, or forms as near thereto as circumstances will permit, shall be used in all matters to which the forms refer. It is only in the simplest cases, however, where the business is of small dimensions, that any of these forms would be used in practice. For instance, the third clause of the memorandum of association, generally known as the "objects clause," has now become a very elaborate statement, providing for all kinds of changes and chances. It is, however, quite easy to obtain copies of memoranda from various advertising companies, and a careful study of a few of them will afford much information on this point. Again, the fifth clause, relating to the capital of the company, is frequently as follows: "The capital of the company is £50,000 divided into 50,000 shares (to be numbered 1 to 50,000) of £1 each." Moreover, if the company desires to have certain powers with respect to the increase of capital a clause of the following character will often be added: "The company may increase its capital, and upon any increase of capital the company is to be at liberty to issue any new shares with any preferential, special, or qualified rights or conditions as regards dividends, capital, voting, or otherwise attached thereto. Dividends may be paid in cash or by the distribution of specific assets or otherwise as provided by the regulations of the company." Again it is now the common practice for each subscriber to take one share only, the total number subscribed for in the first instance in a public

company, being generally seven. In the case of a public company, of course, it cannot be less than seven.

The memorandum may be either written or printed. But printing is almost invariably adopted since each member is entitled to have a copy of the memorandum upon payment of a sum not exceeding one shilling, and the making of copies in writing would possibly be an intolerable burden. The penalty for failing to supply a copy of the memorandum is £1 for each offence.

Each provision as to the memorandum requires special notice, and all of them have been judicially considered on many occasions.

First, as to the name. Any individual may trade in his own name and so may two or more individuals trade in their own names, provided there is no fraud in doing so, *e.g.* in trying to pass off the goods of one person as those of another. In the case of a joint stock company it is not so. The Act of 1908 (Sect. 8, sub-sect. 1) provides that no registration shall take place under a name identical with that by which a subsisting company is already registered, or so nearly resembling the same as to be calculated to deceive, except where a subsisting company is in the course of being dissolved, and testifies its consent in such manner as the registrar requires, and if, by inadvertence such registration is effected, the new company may, with the sanction of the registrar, change its name and will receive a new certificate of incorporation, but without prejudice to any rights or obligations which have accrued prior to the date of the change. It is always advisable to inquire beforehand of the registrar of joint stock companies whether there is any objection to the use of a particular name. This inquiry must always be made in writing, as no verbal application will be attended to. It is quite within the discretion of the registrar to say whether he will or will not register a company under a certain name, and it would appear, from the case of *Re City Register of Companies* (1912) 3 K B 23, that if this discretion is properly exercised the courts will not interfere with it. But the mere fact of the acquiescence of the registrar will not prevent any company which feels aggrieved by the use of a particular name from taking steps to have the name struck off the register. The cases upon the matter of names are very numerous and not always easily distinguishable. The only safe plan is for a new company to select a name as far removed as possible from the name of any existing company. The keenness of modern trading is such that if a company is of opinion that its business is likely to be interfered with by a new company coming into it by any means, the aggrieved one will assuredly seek for an injunction at the earliest possible moment.

It has just been stated that where a company is registered under a name which is identical with, or very similar to, the name of a subsisting company, and this has happened through inadvertence, the registrar may sanction a change of name under which the company has been registered and grant a new certificate of incorporation. A company, however, is allowed to change its own name under Sect. 8, sub-sect. 3, by means of a special resolution (*qv*) and with the written approval of the Board of Trade. The usual course adopted is to pass a special resolution, then to file a copy of the same with the registrar of joint stock companies, and to give full particulars of what has taken place to

the Board of Trade. In due course, if the sanction of the Board is given, the company will be informed of the fact that the change of name is approved and a new certificate of incorporation will be issued by the registrar. No change of this kind can affect any of the rights and obligations which have accrued whilst the company was registered under its first name.

In the case of a company limited either by shares or by guarantee, the word "limited" must appear as the last word of the name, if the company is established for the purpose of gain. There can be no doubt that the legislature when it admitted the principle of limited liability, intended that the whole world should be made acquainted with the fact that a company, incorporated under the Companies Acts, was enjoying the special privileges accorded. For this reason very stringent regulations have been imposed with regard to the use of the word. Every limited company "must print or affix and keep printed or affixed its name on the outside of every office or place in which the business of the company is carried on in a conspicuous position and in letters easily legible, and must also have its name engraven in legible characters on its seal and mentioned in legible characters in all notices, advertisements, and other casual publications of the company and in all bills of exchange, promissory notes, endorsements, cheques, and orders for goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts and letters of credit of the company." Various penalties are imposed on the company for failure to comply with these requirements, *viz.* £5 per day for every day during which the name of the company is not exposed outside its place of business, and £50 for any of the other matters just enumerated. Moreover, if a director or the manager of the company knowingly and wilfully authorises the omission of the printing or affixing of the name, each of them is liable to pay a penalty of £5 per day, just as the company and any director, manager, or officer of the company is liable to pay a penalty of £50 in respect of any of the other matters enumerated. In addition, such director, officer, or manager is also liable personally to the holder of any bill of exchange, promissory note, cheque, or order for money or goods for the amount of the same, unless such amount is paid by the company.

It is a matter of importance that the name of the company should be stated fully and correctly, whenever it is required to be used, especially the word "limited." There have been cases in which explanations have been accepted for mistakes made, but it is unsafe to rely upon these precedents. But it is in the winding-up (*qv*) of a company that fullness and correctness are of most importance. Any error may render it necessary to recommence the whole proceedings.

The only instance in which the word "limited" as the last word of a name of a company is not absolutely essential, is under Sec. 20 of the Act of 1908. Here it is provided that if any association is about to be formed which is proved to the satisfaction of the Board of Trade to have for its purpose the promotion of commerce, art, science, religion, charity, or any other useful object, and if the association intends to apply any profits it may gain or any moneys which it receives in the carrying out of its objects and if the members are not to receive any dividend, the Board may grant

a licence to dispense with the use of the word "Limited." The Board of Trade may, however, impose any conditions and restrictions it may think fit, and these will be binding upon the association. Also the Board may revoke the licence granted on giving notice to the association and after allowing it to be heard in opposition to the revocation. Associations of this kind are generally formed and limited by guarantee. It may further be noticed that a company or an association formed for the purpose of promoting art, science, etc., not involving the acquisition of gain by the company or by its individual members, cannot hold more than two acres of land without the sanction of the Board of Trade.

Just as it is illegal for a company limited by shares or by guarantee to omit the word "Limited" as the last word of its name, except as stated above, so it is now illegal for an unincorporated association to use the word "Limited" at all. If any person or persons trade or carry on business without being incorporated and use the word "Limited" as a part of the name, each of them is liable to a fine of £5 for every day upon which the word is so used.

It is not uncommon now to find the word "Royal," "Imperial," or some such word implying a connection with the Sovereign or a member of the Royal family used as a prefix to the name of the company. No company may make use of a prefix of this kind without the written permission of the Home Secretary, and good reason will have to be adduced for the use of the word. By an Act of Parliament passed in 1916, it is forbidden to use the word "Anzac" in connection with any trade, patent, etc., unless the leave prescribed in the Act has been obtained. The registrar of joint stock companies will never issue his certificate of incorporation containing any of the words just noticed unless he is satisfied that the requisite permission has been granted.

Secondly, as to the situation of the registered office. Its locality must be stated, whether England (which includes Wales), Scotland, or Ireland. This fixes the domicile (*q.v.*) of the company, and also its nationality. The place of registration for England and Wales is London, for Scotland, Edinburgh, and for Ireland, Dublin. The exact situation of the registered office (the number, street and town) are contained in a separate document which is generally filed at the same time as the memorandum. When a company is registered in one part of the United Kingdom, its domicile cannot be changed, but the registered office of a company can be altered at any time provided that due notice of such change is given to the registrar.

Every company must have a registered office, otherwise it renders itself liable, in case it carries on business, to a penalty of £5 per day for every day during which business is so carried on. Very slight acts will constitute "carrying on business" and a company may very easily render itself liable to penalties if it fails to comply with this requirement of the Act. The main object of this provision is the protection of creditors. To the registered office all communications and notices must be addressed, and at it all summonses and writs must be served. Service at any other place is irregular and insufficient both in civil and in criminal proceedings. Moreover the registered office is necessary as the place of deposit of certain documents which relate to the company. For

example, the register of members must be kept there, and it is at the registered office that the right of inspection of these documents is exercisable. Again by Secs. 101 and 102 of the Act of 1908, there are similar provisions as to the register of mortgages, and by Sec. 109 it is enacted that the publication of the balance sheets of certain companies, notably banking and insurance companies, shall be exhibited in a conspicuous place at the registered office of the company as well as at any branch office or place where the business of the company is carried on. If a foreign or a colonial company which is incorporated outside the United Kingdom carries on business within the United Kingdom, it must supply the registrar with the names and addresses of some one or more persons resident in the United Kingdom upon whom writs, summonses, and notices may be served, and any change of address must be forwarded to the registrar within the time prescribed by the Board of Trade. It appears that when a company has in fact no registered office and it is necessary to serve certain documents upon it an application should be made to the court for an order for substituted service. Thus, however, is a matter of practice, and need not be discussed further here.

Thirdly, the objects of the company. The "object clause" has been referred to already. At the risk of repetition, it must be again stated that a company only exists for the purposes which are set out in its memorandum, and these cannot on any account be exceeded. It is, therefore, a matter of the utmost importance that nothing should be overlooked. A company may start in a small way, but there may be possibilities of expansion. Consequently, if a memorandum is examined, it will frequently be found that all sorts of trades and businesses are mentioned which have not apparently the remotest connection with the main object for which the company has been incorporated. This excess of caution often allows a concern to launch out when otherwise its efforts might be restricted. On the other hand a company may thus be empowered to enter into business which were never contemplated by any of the shareholders at the outset. Indeed, by the decision of the House of Lords in the case of *Coburn v. Brougham*, 1918, App. Cas. 514, it came that if there is a final sub-clause in the memorandum to the effect that all the preceding sub-clauses shall be independent and not subsidiary to the general purposes for which the company was established, a company can embark upon any conceivable scheme, however far removed it may be from the fundamental business of the company. As this is a decision of the highest court of appeal, nothing but fresh legislation can alter its effect.

All acts done outside the memorandum are *ultra vires* and therefore null and void. If the directors take part in such acts, they may become personally responsible for any loss sustained. And, again, such a person who applies for shares does so on the faith of the prospectus which is supposed to incorporate the object clause of the memorandum, so the objects are in any way different, the shareholder can repudiate his contract to pay the calls upon his shares. If this clause is sufficiently wide, a company can often extend its operations without making any application to the court, for it cannot be too carefully remembered that "a company may not alter the conditions contained in its memorandum except in the cases

and in the mode, and to the extent for which express provision is made in this Act" (Sec. 7). It is better to be too prolix rather than too concise, and no reliance should be placed upon what are known as "general words," which may purport to extend the powers of a company almost indefinitely but which may indeed have no effect at all. When a memorandum is duly prepared general words will be altogether excluded. Again, it is not advisable to insert powers in the memorandum but to leave them for the articles of association, the reason being that if they are included in the latter they can be altered by the company, whereas, as it has just been pointed out, the memorandum is except in so far as is shown below, unalterable. It is almost superfluous to state that the objects for which a company is constituted must be legal, they must contravene neither the provisions of the Act nor the general law of the land.

The doctrine as to the unchangeable character of the memorandum of association was established in 1862 by the first great Act dealing with companies generally, and the terms of the old Act have been embodied in Sects. 7 and 41 of the Companies (Consolidation) Act, 1908, the latter section of which has been recast so as to include all the further powers contained in the various Companies Acts since 1862. These sections refer to the powers of changing the name of the company and of altering the share capital of the company under certain conditions. Under the Act of 1862 it was impossible to alter the "objects clause" of the memorandum in any way whatever. If an alteration was desired the only course possible was to wind up the original company and to re-constitute it for its new purpose. This cumbersome and expensive method of proceeding remained in force until after the passing of the Memorandum of Association Act, 1890, but since that time it has been possible to effect a radical change by means of the machinery then first set up. The Act of 1890 is now replaced by Sect. 9 of the Act of 1908.

It is to be noted that the court will not allow a company to acquire new powers to be acquired by a company except in very special cases and on special terms. The practice adopted is, after the necessary special resolution *has* been filed, to present a petition to the court setting out the whole of the facts connected with the company. After a summons in chambers full directions are given as to advertising the petition, giving notices, etc. Then, after a prescribed interval generally a fortnight, the petition is again in court for its sanction. This is granted if all the necessary requirements have been fulfilled. The new memorandum is then filed with the registrar, and a new certificate of incorporation is granted to the company. If the company is one of those which need not use the word "limited," the alteration in the memorandum cannot be made without the permission of the Board of Trade.

Fourthly, the limitation of liability. The memorandum states that the liability of each member is limited. When it is a company limited by shares, there is a declaration to that effect. When it is a case of a company limited by guarantee, the amount which has to be contributed by each member in the case of a winding-up must be stated. The liability of a shareholder generally is dealt with in the article SHAREHOLDER.

Fifthly, the capital of the company. This is the

last requisite of the memorandum. It is the statement as to the capital of the company, often called the "capital clause." It is only absolutely necessary in the case of companies limited by shares because in the case of companies limited by guarantee or of unlimited companies there is not necessarily any capital at all. If, however, there is any capital in a company limited by guarantee it must be shown in the memorandum. Not only must the amount of the capital be indicated but also the manner in which it is divided into shares. What is to be the amount of the capital of the company is a question to be decided by the promoters and it may vary to an almost indefinite extent. There is no limit of limitation to the amount of capital or the nominal value of each share. Some companies have a capital of a few pounds only, others have a capital of millions. The nominal value of a share may be a few shillings or £10,000 or any other sum whatever. There are, however, two broad principles which may be laid down for consideration in arriving at a decision as to what should be the amount of the capital. The first is when a company is formed for the purpose of taking over a going concern. The purchase price of the business, goodwill, etc., of the old firm must be the chief guide, and this having been settled there should be added to it such a sum as is required for working expenses and perhaps a certain further sum as a reserve. It is certain that money can be borrowed on debentures, the nominal capital will be reduced by the amount to be borrowed. The second case is when a company is formed to work an entirely new business. The maximum sum then required as capital is that which will suffice for working expenses, together with whatever margin is considered necessary. The division of the capital is a matter entirely for the promoters of the company. The most common division is, as has been already made clear, into shares of £1 each, but there is no need to fix the value at that amount. In some companies the shares are at a much higher figure each, whilst in others they are as low as a shilling each. Again, in some cases the shares of a company are divided into different classes, and special rights are connected with each class. This division into classes ought to be set out in the memorandum, so as to render the rights attached to them unalterable. It is, however, always possible to re-organise the share capital of the company upon application to the court being made to that effect. Each subscriber of the memorandum must take one share at least, and it is now the general practice for one share alone to be taken. The number of shares taken, whether one or more than one, must be written opposite the name of the subscriber.

At the end of the document there is a declaration of association called the "association clause," in the following form: "We, the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this memorandum of association, and we respectively agree to take the number of the shares in the capital set opposite our respective names." In the case of a company limited by guarantee or of an unlimited company the association clause is as follows, taking the forms given in the third schedule of the Act: "We, the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this memorandum of association."

There is, of course, no undertaking as to the taking of shares and therefore the latter part of the clause as used for companies limited by shares has no place in those associations which belong to the other classes of companies provided for by the Act.

The form of subscriptions is given above, according to the third schedule of the Act, of 1908, and there must be appended the names, addresses, and descriptions of the members subscribing, seven or two, according as the company is a public or a private one. Of course, the number of members just mentioned, seven or two, is the minimum, but it can be increased to any extent, even up to the total number of the shares. The subscriber must sign the memorandum, or his name must appear there, and if he does not sign himself, the signature must be made by his duly authorised agent. Also it is necessary for each signature to be witnessed. If all the signatures are made at the same time, one witness can attest the whole, if they are made at different times an independent witness will be required for each occasion, though there is nothing to prevent the same person acting as witness over and over again. But one signatory cannot witness the signature of another signatory. The signatories need not be persons *sui juris* (*q.v.*). Thus, an infant, a married woman, an alien, or a bankrupt may subscribe the memorandum. It is not advisable, however, to admit an infant, as the registrar of joint stock companies can refuse registration if he is aware that all the subscribers are not adults. In describing the parties, care should be taken to be as accurate as possible, as in this case also the registrar has a certain amount of discretion in accepting a memorandum which is faulty in any particular.

The memorandum of association requires to be stamped with a 10s. deed stamp, and after that has been done it is ready for presentation to the registrar. There are other stamp duties which must be paid, but the question of stamp duties is dealt with in the article **REGISTRATION**.

One other matter only need be mentioned in connection with the requisites of the memorandum of association. If a company is to be registered without articles of association, this fact must be stated on the back of the memorandum when it is presented to the registrar for registration.

**MEMORANDUM OF DEPOSIT.**—When an equitable charge is given upon property, and it is not required that a legal mortgage should be prepared—especially if the loan is not to be one for any extended period of time—it is customary for the borrower to hand over to the lender the title deeds of the property upon the security of which the loan is granted. Along with the deposit a memorandum is often signed, setting out in general terms the conditions upon which the equitable mortgage is made. This is known as the memorandum of deposit. (See **EQUITABLE MORTGAGE**, **MORTGAGE**.)

**MENDOÇA POWDER.** This is the name given to the Portuguese propulsive explosive. It is smokeless and the equivalent of the British cordite.

**MENHADEN.**—A fish of the herring family, valuable for the oil extracted from it, which is used in the dressing of leather, in rope making, and in mixing colours. The fish makes excellent manure, and is also useful as a bait. It abounds in the Atlantic Ocean off the coasts of the United States.

**MENIAL SERVANT.** (See **MASTER AND SERVANT**.)

**MENSURATION.**—This is the name which is generally applied to that branch of arithmetic which deals with the rules by means of which areas, surfaces, and volumes are calculated. These rules are applicable in the case of regular figures. Where the figures are irregular it is necessary to call in the aid of the higher branches of mathematics, which are beyond the scope of the present work. The following formulae, however, will be found of practical value—

**Areas.**—(1) *Triangle*.—Let  $a$ ,  $b$ , and  $c$  denote the three sides, and let  $2s = a + b + c$ . The area is  $\sqrt{s(s-a)(s-b)(s-c)}$ ,  $\sqrt{\phantom{x}}$  denoting the square root. If the height of the triangle is known, then the area may be found by multiplying the height by the base and dividing the product by 2.

(2) *Parallelogram*. The area is found by multiplying the base by the height. If the figure is a square, any side squared gives the area.

(3) *Trapezium*.—Let  $a$ ,  $b$ , be the parallel sides, and  $h$  the height. The area is  $\frac{h(a+b)}{2}$ .

(4) *Quadrilateral*. Divide the figure into two parts. The area is half the diagonal multiplied by the height of each of the triangles formed.

(5) *Circle*.—Let  $r$  denote the radius, and  $\pi = 3.14159$ . The area is  $\pi r^2$ .

(6) *Ellipse*.—Let  $a$ ,  $b$ , denote the semi-axes. The area is  $\pi ab$ .

**Surfaces.**—(1) *Sphere*. Taking  $\pi$  as before,  $4\pi r^2$ .

(2) *Cylinder*. Taking  $h$  as the height,  $2(\pi r^2 + \pi rh)$ .

(3) *Cone*.  $\pi r^2 \times$  slant height.

(4) *Pyramid*.—Base  $\times$  slant surface.

$\frac{1}{3} \pi r^2$

**Volumes.** (1) *Sphere*  $\frac{4}{3}$

(2) *Cylinder*.  $\pi r^2 h$

(3) *Cone*.  $\frac{\pi r^2 h}{3}$

(4) *Pyramid*.—Area of base  $\times \frac{h}{3}$

**MENTHOL.** A sort of camphor obtained from the peppermint (*q.v.*) plant both of Britain and of Japan. It is prepared by cooling the aromatic oil derived from the leaves, and, in the form of crystalline cones, is a remedy for neuralgia, toothache, etc. When rubbed on the affected part, menthol produces a sort of coldness, which causes a lull in the pain.

**MERA.**—(See **FOREIGN WEIGHTS AND MEASURES**—**GREECE**.)

**MERCANTILE.**—Derived from the Latin, *merc*, which means "merchandise." This word is very frequently used as synonymous with the term "commercial."

**MERCANTILE LAW.** (See **COMMERCIAL LAW**.)  
**MERCANTILE SYSTEM.**—A system of trading which was much advocated by all leading nations in the seventeenth century. In the mistaken idea that wealth consisted solely of money, the accumulation of money was considered to be a matter of primary importance. Consequently, exports were encouraged, imports were disapproved of, and anything which was likely to give any

advantage to a foreign nation was discountenanced. The mercantile system, or as it is sometimes called mercantilism, has long been thoroughly exploded and it is only mentioned here as a matter of curiosity.

**MERCANTILISM.** See MERCANTILE SYSTEM.

**MERCATOR'S PROJECTION.** The world map shown on a flat surface when by all measurements except those on the line of the equator are shown distorted, such distortion increasing in degree the further the distance from the equatorial line. The inventor of this map, now universally used where it is not practicable to use a globe, was a Dutch cartographer.

**MERCER.** A merchant who deals principally in silks and woollen cloth.

**MERCURY.** (The good of a mercur) (*qv*). The word is American like the term *gocery* (*qv*).

**MERCHANDISE.** Goods of wares in which a merchant deals.

**MERCHANDISE DECLARATION.** (See EXPORT LICENSE, DECLARATION OF).

**MERCHANDISE MARKS ACT.** The first Act dealing with the marking of goods under the statutes known by this name was passed in 1887 and since that time two amending Acts have been passed, one in 1891 and the other in 1894. Speaking generally, it is an offence, punishable criminally, for any person to forge or falsely apply a registered trade mark, or a false trade description, to goods. The seller of such falsely marked goods is also liable to punishment if it is proved that he has knowingly dealt with such goods. If the goods of a foreign manufacturer are imported into this country, and bear the name or mark of any manufacturer, dealer, or trader in the United Kingdom, they must also bear a clear indication of the name of the country in which they have been manufactured or produced.

**MERCHANTMAN.** A word found with great frequency in maritime phraseology, being applied to a vessel employed in the transport of goods, and contracted into a man of war, which is solely employed for warlike purposes.

**MERCHANT SHIPPER.** The merchant shipper buys on his own account, and ships direct to his customers abroad, taking all risk as a principal and making no profit on the way. He is usually supposed to handle a very wide range of goods, and in many cases he also does a considerable return trade in produce received from his foreign customers, thus making a profit both ways. As a shipper, he either holds stocks himself, or fills orders from goods applied as required by manufacturers under contracts covering definite periods and prices. He may be regarded as the abstracted end of the export trade, though his position has been challenged by various new factors in recent years. In such markets as the principal British Dominion, or the Latin American Republics, the general trade development of the past generation or two has created many importing firms into the front rank, and these have established their own buying houses in Great Britain. A still larger number have reached a position where their operations justify the employment of commission buying agents in London and other centres of supply. Consequently the merchant shipper can no longer control the entire trade as he once did. In fact, the greater development of a market, the less complete grows the merchant shipper's participation in it, a service, where in regard to native and partially developed markets

his influence is still supreme. His principal service to the trade lies in his ability to handle the ordinary mixed incident to advantage, making up a score of small items into one consignment to the convenience and profit of manufacturers and importers alike.

As a trade promoter it must be confessed that the merchant shipper is no longer a very vital factor, and even in the primary days of the past, when his alone was the responsibility for opening up new markets in distant parts of the world, he was seldom or never called upon to face anything in the shape of international competition, for British export trade was then practically unchallenged. That is why, when international competition began to press seriously, the British manufacturer was compelled to reach over the export market for himself, and by other means than the merchant shipper who had hitherto conducted the business entirely and made it unnecessary for the manufacturer to learn anything concerning the markets to which his goods were sent. Moreover, the merchant shipper handles foreign goods as readily as British in his capacity of middleman, and is, therefore, not in a position, nor is it his special interest, to work specially as a dealer for the British industrialist. But if his trade, as a selling agent, has diminished through the coming of it, it is only fair to admit that his services are as great as ever in increasing export trade, and in focussing the activities of international business that would otherwise be impracticable for the manufacturer or the importer to handle in detail. Even in the cotton and woollen piece goods trade, that the merchant shipper is today seen to the best advantage, many firms taking the products of the mills and putting them as principals in face of foreign competition, but in few other departments do similar conditions prevail, the merchant shipper having in only too many cases degenerated into something equivalent to the commission buying agent, but taking merchant terms for his services.

**MERCHANT'S MARK.** The sign or mark which was placed upon various goods by tradesmen in the Middle Ages when they were not permitted to use heraldic armorial. The mark very frequently had some connection with the business of the trade man, i.e., it consisted of the implements of his trade. These marks were the origin of the modern trade mark.

**MERCURY.** The quicksilver of commerce. It is a silvery white liquid metal, which, though sometimes found native, is usually obtained from its sulphide, which is known as cinnabar (*qv*). When cinnabar is heated, mercury is set free in the form of vapour, which is then condensed and purified. The uses of mercury are many and varied. It forms amalgams with most metals, and is used in separating gold and silver from their ores. In combination with tin, it is employed for silvering mirrors, and an amalgam with copper or cadmium forms a useful filling in dentistry. In the laboratory, mercury is almost invaluable. It is used in the construction of numerous scientific instruments, such as thermometers, barometers, and various electrical appliances. Of its compounds, chloride of mercury is the most important. It is commonly known as corrosive sublimate (*qv*), and is used in preserving anatomical specimens. It is also a powerful antiseptic. Both mercury and its compounds are of great medicinal value, being used in ointments and plasters, powders and pills. Calomel (*qv*) is a mercurial preparation valuable as a

purgative. Care must, however, be taken in the administration of mercury on account of its poisonous properties. The boiling point of this metal is 675° Fahr. and its freezing point is - 40° Fahr.

**MERGER.**—This is the name of a legal doctrine which signifies that one thing is swallowed up by another. Thus, if a simple contract is entered into by parties, and the same terms are contained in a specialty contract, or a contract under seal, the simple contract is merged in the specialty contract.

**MERINO.**—A breed of sheep noted for their long, fine wool. They were originally confined to Spain, but have now been introduced into Australia and South America, and the wool used for the dress fabric of the same name is now imported chiefly from these continents.

**MESNE PROFITS.**—When an action is brought for the recovery of possession of land, the defendant is holding on to the same and is probably deriving some advantage from his position. These are profits to him which rightly belong to the owner of the land, and the plaintiff is entitled to sue for these profits, known as mesne profits, as well as for possession. At one time it was necessary to bring a separate action for such mesne profits, but since 1883 the action can be joined to the action for possession.

**MESOPOTAMIA.** *Position, Area, and Population.* Mesopotamia ("the land between the rivers") stretches from the Armenian plateau to the Persian Gulf. Westwards it is bounded by the Syrian desert, and eastwards by the mountains buttressing the Persian plateau. The area of its three vilayets—Mosul, Baghdad and Basra—is 143,250 square miles, and its population is about 1,900,000. Arabs, sedentary and nomad, form the bulk of the inhabitants. The whole of Mesopotamia has now been brought under British control, and it is hoped that, after years of neglect, the country will enter a period of much prosperity.

*Build.* Mesopotamia proper, the land between the Tigris and Euphrates, is an almost unbroken, alluvial plain, opening to the Persian Gulf. Low ranges of hills cross the great plain of Upper Mesopotamia. Much of the region may be said to be the gift of the two great rivers, the Tigris and Euphrates, which drain it. At Kurna, the two rivers unite, forming the Shatt el Arab, which empties itself into the Persian Gulf. The delta of the Shatt el Arab is continually advancing, but the land is liable to inundation.

*Climate.* The climate is mild in winter and very hot in summer. Irrigation is a prime necessity in much of the region, owing to the small rainfall.

*Production and Industries.* Mesopotamia has been at various periods of history the seat of brilliant civilisations, dependent on agricultural production. Great irrigation works existed, and the Euphrates was controlled. Later little irrigation was practised, and the Euphrates has spread out into wide marshes. Doubtless now that the inhabitants feel secure under a strong government, and when railway facilities have been developed, Mesopotamia will regain some of its past glory. Cereals, dates, gums, and rice are the chief agricultural productions, but cotton and sugar cane might be raised in important quantities. Arab nomads roam from tract to tract with their horses and sheep, and hides and wool are largely exported.

*Communications.* Land transport is by mule or camel. The Tigris and Euphrates are important means of communication. Ocean steamers can ascend to Basra (Bussorah) on the Shatt-el-Arab, river steamers to Baghdad on the Tigris, and smaller boats to Mosul.

*Commerce.* Most foreign trade is with the United Kingdom, Persia, and India. The chief exports are cereals, dates, wool, rice, hides, and gum, and the principal imports are sugar, textiles, indigo, coffee, iron, and copper.

*Trade Centres.* The chief towns are Baghdad (225,000), Mosul (80,000), and Basra (80,000).

*Baghdad*, on the Tigris, once the capital of the Mahometan world, and the city of Harun al Rashid, has lost much of its former wealth. It is at the head of steam navigation, and has an excellent position for inland trade. It manufactures leather, and trades with Aleppo and Damascus. Its trade in silk, cotton, and leather goods is large.

*Mosul*, opposite the ruins of Nineveh, is still important, though much of its greatness has departed. It exports gall nuts, and has mushin manufactures.

*Basra* (Bussorah), on the Shatt-el-Arab, is the port for ocean steamers. (River steamers tranship their cargo to ocean steamers.) Its export of dates is important.

(For map, see **TURKEY**.)

**MESSAGERIES MARITIMES.**—This is the principal passenger steamship line to France, having its headquarters at Marseilles. It carries the mails to Italy, Greece, Egypt, India, and China. In addition to the general Mediterranean trade, it has communications with Australia, South America, and South East Africa.

**MESSUAGE.**—Though often applied in common language to a dwelling place, the real meaning of the word is not only the dwelling house itself but all adjoining buildings, out-houses, offices, and lands which are actually appropriated to the use of the house.

**METALLIC CURRENCY.**—The authorised gold, silver, nickel, and bronze currency of a country coined at the Government mints. (See **COINAGE**.)

**METHOD OF BUSINESS (STOCK EXCHANGE).**—An idea of the method of business performed in connection with Stock Exchange matters will be obtained if we follow a specimen transaction from beginning to end. We will assume that the reader is desirous of purchasing 100 ordinary shares of £1 each in the company known as J. Lyons & Co., Ltd. He obtains an introduction to a stockbroker, if he is not already in business relationship with a member of that profession, and writes or telegraphs him to purchase the said number of shares. Lyons' shares happen to be among those that are quoted in every money article, and so long that the list price was, say, 54-6, i.e., £5 17s. 6d. to 6, the client may fix a maximum price beyond which he will not go, in which case he gives what is known as a "limit." In such a case he may instruct his broker to purchase 100 Lyons' shares "at not more than 6." Or the other hand, he may instruct his broker to buy 100 J. Lyons & Co. Ordinary shares "at best," which means that he leaves it to the broker to obtain him these shares at as favourable a price as possible.

On receipt, the purport of this and any other orders to hand is noted by the broker or one of his clerks in what is known as a "jobbing book," which

consists usually of a case containing two removable books, called respectively the "dealing book" and the "limit book." On the left-hand side of the dealing book, which is usually referred to as the "bought" side, all purchases are entered, and on the right-hand side, known as the "sold" side, all sales are entered. The limit book is kept on the same system, except that, as the name implies, it is not a record of business done, but of business *to be* done, if and when certain prices are reached. With his notes as to business to be done inserted in his jobbing book, the broker or his authorized clerk goes into the Stock Exchange and approaches the various jobbers (as described under the headings of **BROKER** and **JOBBING**), and carries through the business so far as is found practicable. As each bargain is done, it is noted in the dealing book—the amount, the price, and the name of the jobber being carefully entered. The broker or clerk, as the case may be, returns to his office, and the details of each bargain are copied from his jobbing book into another book known as the "checking book," which is practically a replica of the dealing book, except that it usually has the addition of a money column, so that the cash total of each transaction may be worked out. Where necessary, the client is advised by telegram of the business done, and the contract notes are made out and are forwarded to the client, together with a covering letter. A specimen contract note is given under the heading of **CONTRACT NOTE**. This document states the date on which the shares have to be paid for, this being almost invariably the next account day. Two or three days before the money is due the broker sends his client a statement showing the amount he has to pay, or, in the event of a sale, the amount which is due to the client, and within a day or two the latter will receive a deed of transfer for the shares for execution. This deed, after execution, is returned to the broker, who lodges it at the company's office for registration, receiving in exchange therefor a document known as a "transfer receipt." It is in order, and the transfer is duly passed, the new client is, in due course, entered upon the company's books as proprietor of the shares, and a certificate in his favor is prepared and handed over to the broker on the date mentioned at the foot of the transfer receipt against surrender of that document. The broker then forwards the certificate to his client, and the transaction is closed, these formalities from beginning to end occupying a few weeks.

This is the simplest and most ordinary form of Stock Exchange transaction, and details of speculative transactions performed by brokers will be found under the heading of **CARRYING OVER**.

**METHYLATED SPIRIT.**—A mixture of rectified spirits, with about 10 per cent. of wood naphtha. The latter is added to render the spirit unfit to drink, as, in this condition it frequently escapes the excise duty. Methylated spirit is used as a solvent in varnish-making, for preserving anatomical specimens, and for burning in spirit-lamps.

This material has been chiefly made in Germany, where its manufacture has been encouraged and fostered by the Government. In the United Kingdom, however, there are so many restrictions placed on its manufacture that only a small quantity has been made annually.

**METRE.**—The metre is the unit on basis of what is known as the metric system (*qv*) of weights

and measures. It is supposed to be the ten millionth part of a quadrant of the meridian, *i. e.*, the distance measured along the surface of the sea from the pole to the equator, though later calculations have proved that this is not quite accurate. Compared with the English measure it is about 3 feet 3 $\frac{1}{4}$  inches, or, more exactly, 39.37079 English inches, or 3.2808992 English feet, or 1.0936331 English yards.

The calculation of the length was first made in 1793, and was adopted by the French Government as the unit upon which all other measures, and their weights were made.

**METRIC SYSTEM.**—This is the decimal system of weights and measures which is now in use in most civilised nations, the unit being taken as the metre (*qv*). The United Kingdom and the United States are the great exceptions to the civilised countries which use the metric system, though in both countries legislative enactments have rendered its use optional. Little success, however, has attended the efforts of those who have desired to bring these two great nations into harmony with the rest of the world in this respect. It is generally supposed that a change would create confusion, at least for a time. The experience of Germany does not seem to support this view. There can be no doubt that no alteration will be effected without great educational activity on the part of those who fully appreciate the advantages of the decimal system over the cumbersome methods now in vogue.

One of the principal advantages of the metric system is that there is one definite unit taken for each set of measures, and the remainder are powers of ten of this unit. For the construction of a table as soon as the unit is known, the other parts are formed by the following prefixes:

|              |                        |
|--------------|------------------------|
| <i>Myria</i> | = 10,000 times         |
| <i>Kilo</i>  | = 1,000 times          |
| <i>Hecto</i> | = 100 times            |
| <i>Deca</i>  | = 10 times             |
| <i>Deci</i>  | = $\frac{1}{10}$ of    |
| <i>Centi</i> | = $\frac{1}{100}$ of   |
| <i>Milli</i> | = $\frac{1}{1,000}$ of |

The reduction from one denomination to another is performed by multiplying or dividing by some power of ten. Hence there is no alteration in the figures, but simply an alteration in the position of the decimal point.

#### Measure of Length.

The fixed unit is the metre, which is little longer than a yard.

|                      |                        |
|----------------------|------------------------|
| 1 metre              | = 39.37079 inches      |
| • 1 yard             | = 91.43835 centimetres |
| 10 millimetres (mm)  | = 1 centimetre         |
| 10 centimetres (cm)  | = 1 decimetre          |
| 10 decimetres (dm)   | = 1 metre              |
| 10 metres            | = 1 decametre          |
| 10 decametres (Dm)   | = 1 hectometre         |
| 10 hectometres (Hm)  | = 1 kilometre          |
| • 10 kilometres (km) | = 1 myriametre (Mm)    |

The micron =  $\frac{1}{1,000,000}$  metre is used for extremely small measures.



**Measure of Area.**

The unit of land measurement is 10,000 square metres, which is called a hectare. The are is therefore the square decametre.

|              |                                   |
|--------------|-----------------------------------|
| 1 are        | = 119 603 sq. yds.                |
| 1 sq. mile   | = 258 98945 hectares              |
| 10 centiares | ( $\frac{1}{100}$ are) = 1 decare |
| 10 decares   | ( $\frac{1}{10}$ are) = 1 are     |
| 10 ares      | = 1 hectare                       |
| 10 hectares  | = 1 hectare                       |

**Measure of Volume.**

The unit is the cubic metre, called a stere.

|              |                     |
|--------------|---------------------|
| 1 stere      | = 1 30802 cub. yds. |
| 1 cub. yd.   | = 0 7645 steres     |
| 10 decastres | = 1 stere           |
| 10 steres    | = 1 decastere       |

**Measure of Capacity.**

The unit of capacity is the cubic decimetre, which is called a litre.

|                     |                    |
|---------------------|--------------------|
| 1 litre             | = 1 7608 pints     |
| 1 gallon            | = 4 5435 litres    |
| 10 millilitres (ml) | = 1 centilitre     |
| 10 centilitres (cl) | = 1 decilitre      |
| 10 decilitres (dl)  | = 1 litre          |
| 10 litres           | = 1 decalitre      |
| 10 decalitres (Dl)  | = 1 hectolitre     |
| 10 hectolitres (Hl) | = 1 kilolitre (Kl) |

**Measure of Weight.**

The unit of weight is the weight of a cubic centimetre of distilled water at 4° Centigrade, or 39·2 Fahrenheit, and at a normal pressure of 760 millimetres.

|                      |                      |
|----------------------|----------------------|
| 1 gramme             | = 15 4323 grains     |
| 1 kilogramme         | = 2 20462 lbs. avdp. |
| 1 gram               | = 0 0648 grammes     |
| 1 lb. avon-dupois    | = 0 4536 kilogr.     |
| 10 milligrammes (mg) | = 1 centigramme      |
| 10 centigrammes (cg) | = 1 decigramme       |
| 10 decigrammes (dg)  | = 1 gramme           |
| 10 grammes           | = 1 decagramme       |
| 10 decagrammes (Dg)  | = 1 hectogramme      |
| 10 hectogrammes (Hg) | = 1 kilogr. (kg)     |
| 1000 kilogrammes     | is called a quintal  |
| 1,000 kilogrammes    | is called a tonneau  |

The first table below gives the English equivalents for all the ordinary measures and weights of the metric system, and the second table gives the metric equivalents of the English, or imperial, weights and measures.

TABLE I

**METRIC TABLE**

**Linear Measure.**

|              |                 |
|--------------|-----------------|
| 1 millimetre | = 0 03937 ins.  |
| 1 centimetre | = 0 3937 ins.   |
| 1 decimetre  | = 3 937 ins.    |
|              | (39 37079 ms)   |
| 1 metre      | = 3 280813 ft.  |
|              | (1 0936143 yds) |
| 1 decametre  | = 10 936 yds.   |
| 1 hectometre | = 109 36 yds.   |
| 1 kilometre  | = 0 62137 miles |

**Square Measure.**

|                 |                    |
|-----------------|--------------------|
| 1 sq. centim.   | = 0 15500 sq. ins. |
| 1 sq. decimetr. | = 15 500 sq. ins.  |
| 1 sq. metre     | = 10 7639 sq. ft.  |
|                 | (11 960 sq. yds)   |
| 1 are           | = 119 603 sq. yds. |
| 1 hectare       | = 2 4711 acres     |

**Cubic Measure.**

|                 |                      |
|-----------------|----------------------|
| 1 cubic centim. | = 0 0610 cub. in.    |
| 1 cubic decim.  | = 61 024 cub. ins.   |
| 1 cubic metre   | = 35 3148 cub. ft.   |
|                 | (1 307954 cub. yds.) |

**Measure of Capacity.**

|              |                 |
|--------------|-----------------|
| 1 centilitre | = 0 070 gills   |
| 1 decilitre  | = 0 176 pints   |
| 1 litre      | = 1 75980 pints |
| 1 decalitre  | = 2 200 gallons |
| 1 hectolitre | = 2 75 bushels  |

**Measures of Weight.**

|               |                     |
|---------------|---------------------|
|               | Avon-dupois         |
| 1 milligramme | = 0 015 grains      |
| 1 centigramme | = 1 154 grains      |
| 1 decigramme  | = 1 543 grains      |
| 1 gramme      | = 15 432 grains     |
| 1 decagramme  | = 154 323 grains    |
| 1 hectogramme | = 1 527 ounces      |
|               | (15432 3564 grains) |
| 1 kilogramme  | = 2 20462 lbs.      |
| 1 quintal     | = 1 968 cwt.        |
| 1 tonneau     | = 0 9842 tons       |

A gramme is also equivalent to 0·03215 oz. or 15 432 grains troy, and to 0·2572 drams, or 0 7716 scruples, or 15 432 grains apothecaries' weight.

TABLE II

**Linear Measure.**

|           |                 |
|-----------|-----------------|
| 1 inch    | = 25 400 mm.    |
| 1 foot    | = 0 30480 metre |
| 1 yard    | = 0 91439 "     |
| 1 fathom  | = 1 8288 "      |
| 1 pole    | = 5 0292 "      |
| 1 chain   | = 20 1168 "     |
| 1 furlong | = 201 168 "     |
| 1 mile    | = 1 6093 km.    |

**Square Measure.**

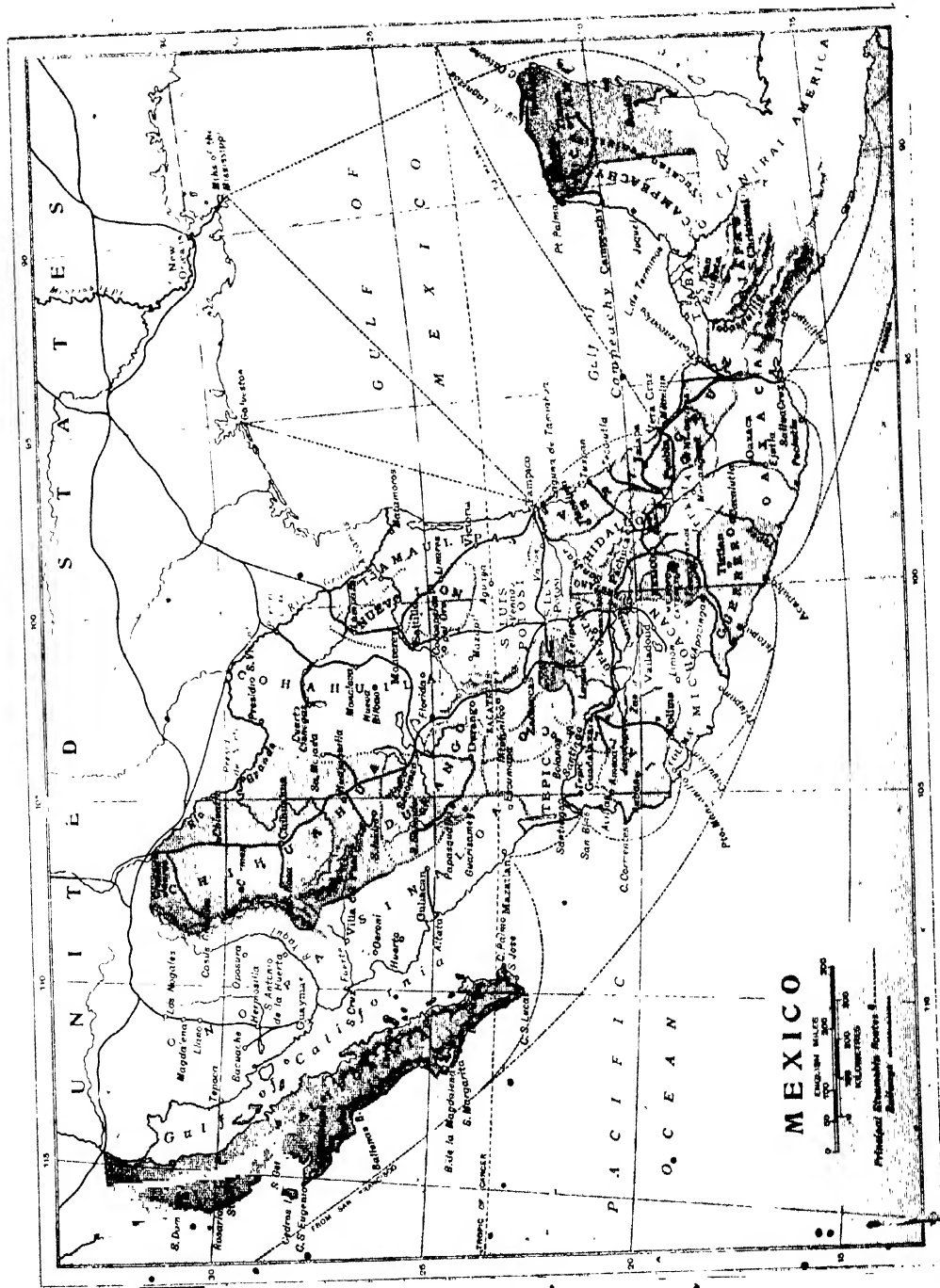
|            |                   |
|------------|-------------------|
| 1 sq. inch | = 6 4516 sq. cm.  |
| 1 sq. foot | = 9 2903 sq. dm.  |
| 1 sq. yard | = 0 836126 sq. m. |
| 1 perch    | = 25 293 sq. m.   |
| 1 rood     | = 10 117 ares     |
| 1 acre     | = 0 40468 hectare |
| 1 sq. mile | = 259 00 hectares |

**Cubic Measure.**

|             |                    |
|-------------|--------------------|
| 1 cub. inch | = 16 387 cub. cm.  |
| 1 cub. foot | = 0 028317 cub. m. |
| 1 cub. yard | = 0 761553 " "     |

**Measures of Capacity.**

|           |                   |
|-----------|-------------------|
| 1 gill    | = 1 42 decilitres |
| 1 pint    | = 0 568 litre     |
| 1 quart   | = 1 136 litres    |
| 1 gallon  | = 4 5 5631 litres |
| 1 peck    | = 9 092 litres    |
| 1 bushel  | = 3 637 dl.       |
| 1 quarter | = 2 909 hl.       |





**Apothecaries' Measure.**

|           |   |                    |
|-----------|---|--------------------|
| 1 minim   | = | 0.059 millilitre   |
| 1 fl. scr | = | 1.184 millilitres  |
| 1 fl. dr  | = | 3.552 "            |
| 1 fl. oz  | = | 28.4123 cl         |
| 1 pint    | = | 9.568 litre        |
| 1 gallon  | = | 4.54596 li. litres |

**Avoirdupois Weight.**

|           |   |                 |
|-----------|---|-----------------|
| 1 grain   | = | 0.0648 gram     |
| 1 dram    | = | 1.772 gram      |
| 1 ounce   | = | 28.350 "        |
| 1 pound   | = | 0.45359243 kg   |
| 1 stone   | = | 6.350 kilogram  |
| 1 quarter | = | 12.70 "         |
| 1 cwt     | = | 50.80 "         |
| 1 ton     | = | 0.5080 cental   |
| 1 ton     | = | 1.0160 tonneaux |
|           | = | 1.0164 florins  |

**Troy Weight.**

|           |   |             |
|-----------|---|-------------|
| 1 grain   | = | 0.0648 gram |
| 1 pennywt | = | 1.5552 mg   |
| 1 troy oz | = | 31.1035 "   |

**Apothecaries' Weight.**

|           |   |             |
|-----------|---|-------------|
| 1 grain   | = | 0.0648 gram |
| 1 scruple | = | 1.296 "     |
| 1 drachm  | = | 3.888 "     |
| 1 ounce   | = | 31.1035 "   |

**METRO.** (See **LENGTH, WEIGHTS, AND MEASURES, LEVY.**)

**METROPOLITAN CLEARING.** That branch of the work of the Bankers' Clearing House which is concerned with the clearing of cheques drawn upon London Banks other than those which are included in the Town clearing. Cheques which are thus to be cleared are marked "M" in the bottom left hand corner. (See **CLEARING HOUSE, BANKERS'.**)

**MEXICO.** - **Position, Area, and Population.** Mexico lies between the United States on the north and Guatemala on the south; its northern and northernmost being 33° and 15° N. lat., so that the southern half is within the tropics. The area of the country is over 767,000 square miles, and the population is between 15,000,000 and 16,000,000.

Mexico is divided into twenty-eight states, one Federal District, and two Territories. Each separate State has its own internal constitution, government, and laws.

**Build and Climate.** The greater part of the country is occupied by the southern extremity of the great western plateau of North America. This plateau, 6,000 feet above the sea in the south and 3,000 feet in the north, is bordered by high mountains which descend rapidly to the low coastal plains on both the east and west. The mountains bordering the plateau are highest in the south, where they sink rapidly to the low and narrow isthmus of Tehuantepec. The peninsula of Yucatan is low, nowhere more than 1,000 feet above the sea, while the peninsula of Lower California is high. Volcanoes are numerous, some of them being active.

In the south there is the great division of the year in tropical countries, between wet and dry seasons; the wet season extending from the beginning of June until the end of October. Further north, however, the wet season gets shorter and shorter, until in the north the climate is cold and even desert like the adjoining parts of the United States.

The lowlands and seaward slopes of the mountains are well watered, but the interior of the plateau is dry, so that irrigation is necessary for agriculture.

The great differences in elevation also lead to differences of climate. Below three thousand feet is the hot zone. Between three and five thousand feet is the temperate zone; above seven thousand feet is the cold zone. In the hot zone of the low lands, hot, damp, tropical conditions exist. In the temperate zone is a condition of almost perpetual spring. The cold zone is cold only by comparison, for really cold weather is experienced only in the winter.

**Vegetation.** Although enormous quantities of timber have been cut, there are still large areas of forest, containing rubber trees, palm, rosewood and mahogany. Evergreen oaks flourish in the temperate zone, ordinary oaks at a higher level, pines and spruces higher still.

Oranges, pineapples, bananas, coconuts, and pomegranates are grown, together with sugar cane, cacao, coffee, and vanilla. The agave or American aloë of Yucatan yields the sisal hemp of commerce.

**Minerals.** Mexico is preeminently a mining country on account of its great wealth of minerals, the chief of which is silver. One reason for the great production of silver and, to a lesser extent, gold, is the fact that there can bear the high cost of mining in a country where transport is difficult. Coal and petroleum exist but are little worked on account of this difficulty, the railways in the south using wood as fuel.

**Communications and Towns.** *Mexico*, the capital, with a population of little over 1,000,000, lies at an elevation of 7,000 feet above the sea, with which it is connected at Vera Cruz by rail. It has a number of small industries, of which cottons and other textiles are the most important.

*Vera Cruz* (49,000) has a poor harbour and will probably decline in favour of *Tampico*, further north.

*Acapulco* (5,000) has one of the finest landlocked harbours in the world.

*Puebla* (96,000) is in the middle of a rich mining district.

*Guadalajara* (119,000) is the principal iron and steel-making town in Mexico.

*San Luis Potosi* (68,000) is the railway and distributing centre for the surrounding region. It has cotton and woollen manufactures and large smelting works.

*Monterrey* (74,000) is the principal industrial centre in the north. Having a dry climate, it is a health resort.

*Leon* (58,000) is an important commercial centre with general manufactures, the chief of which are the making of leather and saddlery.

Besides *Merida* (62,000) there are about twenty towns with a population of over twenty-five thousand.

**Imports and Exports.** The chief exports, in order of value, are silver, gold, copper and ore, henequen or sisal hemp, and coffee.

The principal imports are iron and agricultural machinery, steam engines, and railway materials, cotton goods and chemicals.

More than half the trade is with the United States. But in 1911 the chief of the Trans-Atlantic countries with which Mexico trades.

Mail is despatched to Mexico every Wednesday and Saturday. The time of transit is twelve days.

**MICA.**—A group of minerals with a pearly lustre, and varying in colour from black to white. The colourless, transparent variety is known as muscovite, and is often used instead of glass for lanterns, lamp chimneys, and the fronts of stoves. The minerals included in the general term "mica" all consist of silica, alumina, magnesia, and potash, with the oxides of iron and manganese and other constituents. They occur in thin flexible plates in Cornwall, in North Europe, Siberia, and other parts. The greater portion of the requirements of the United Kingdom is covered by imports from Canada.

**MICROMETER.**—This is an instrument which is used for the purpose of examining all kinds of fittings and components which are ordered to be made to a certain gauge or measurement. It must be of the utmost accuracy. Such instruments of exactitude are largely imported from America, and are used at every stage of the manufacture of parts made of metal.

**MIDDLEMAN.**—The intermediary between the producer and the consumer, the buyer and the seller, etc. His sole business is to carry on trading without letting the real parties come into contact, and his profits are derived from the increased price which he charges for goods when handing them on to the actual purchaser.

**MIDDLE PRICE.**—When a jobber is desirous of doing business on the Stock Exchange he has two prices, one at which he is ready to buy and the other at which he is ready to sell. The middle price is that which is half way between the two.

**MILE.**—(See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**MIL.**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK.)

**MILE.**—A measurement of distance, though of different length in different countries. The English statute mile consists of 1,760 yards or 5,280 feet. In France, Italy, and Holland the metrical mile contains 1,000 metres, which is about equivalent to 1,093.6 English yards, or about 621.4 of an English mile. The geographical mile, used in England and Italy, is the length of the sixtieth part of a degree of latitude and varies slightly between the poles and the equator. Its mean length is about 2,025 yards—more accurately it is 6,076.8 feet. This is called a "knot." The nautical, or Admiralty, mile is 6,080 feet. The geographical league, used in England and France, contains three nautical miles. In Germany the geographical mile is one-fifteenth part of a degree measured at the equator, or about four English geographical miles, i.e., 8,100 yards.

**MILEAGE.**—The charge for carriage calculated at so much per mile.

**MILK.**—The milk of all animals consists of water, casein, albumen, milk sugar, and fat, together with a minute quantity of ash made up of calcium, potassium, and phosphoric acid. Milk is highly nutritious, and in the case of invalids and young children it is considered a perfect food. The commercial article is the product of the cow, and has become one of the necessities of life not only as a daily beverage, but as the source of butter and cheese. Impure milk is guarded against in several ways. There are three chief methods: it is sterilised, Pasteurised, or preserved by the addition of chemicals, such as boracic acid. Sterilised milk is produced by boiling, during which process the chemical composition, as well as the taste, of the

article undergoes a change. Pasteurised milk is heated to a temperature of 147° to 184° Fahr. This has the effect of destroying certain dangerous organisms without affecting the taste of the milk. Fresh milk is frequently replaced by condensed milk, which was first produced by a Frenchman in the middle of the nineteenth century. The milk is usually first sweetened with cane sugar, though there is also an unsweetened variety, which does not keep so long after being exposed to the air. The prepared milk is boiled until five-sixths of it have evaporated, and the thick syrup forming the residue is poured into tins, which are then hermetically sealed. Condensed milk is made in Holland, North America, and France, but that imported from Switzerland, especially the brand known as Nestlé's, has the highest reputation.

**MILBOARDS.**—Strong boards made from the pulp of old sacks, hemp, jute, cotton, or linen rags, etc. For the commonest sorts, straw is used. They are generally manufactured by machinery, but the best qualities are made by hand, and are used for binding books.

**MILLET.**—The nutritious seed of the *Panicum miliaceum*, a cereal extensively grown in China and the East Indies, and also in South Europe and Africa. In most of these countries it is a valuable human food, but the small quantities exported by Italy to Great Britain are used to feed poultry and cage birds. A fermented drink is prepared from it in the south of Russia.

**MILLARD.**—A thousand millions.

**MILLÈME.**—(See FOREIGN MONIES—FRANCE.)

**MILLOGRAMMA.**—(See FOREIGN WEIGHTS AND MEASURES—ITALY.)

**MILLIMETRO.**—(See FOREIGN WEIGHTS AND MEASURES—ITALY.)

**MILLINERY.**—A term generally used to designate hats and then trimmings, e.g., lace, ribbons, feathers, etc. The name is also applied to the art of making and trimming hats, bonnets, etc.

**MILLING.**—Originally coins were issued with plain edges, and they were then very frequently clipped or filed by dishonest persons, the portions thus taken away from the original coins being melted, and sold as bullion by weight. It was to prevent this clipping that milling was introduced in 1695, when the Government made the first great remedy in the coinage. This milling consists in indenting the edges of the coins, so that clipping or filing becomes a practical impossibility. Until milling was introduced coins were often so much reduced in size as to be unrecognisable, and so long as they remained current the issue of new coins was useless, for in accordance with Gresham's Law (*qv*) the good and full sized coins were immediately withdrawn from circulation.

In addition to the milling, the edges of the coins are turned up in order that the raised flanges may afford a certain amount of protection to the figures on each side of the coins. (See COINAGE.)

**MILLING MACHINE.**—This is a machine of the first importance and is found in all engineers' fitting shops. Its purpose is to plane off metal so as to arrive at a surface true to dimensions.

**MILLSTONES.**—Stone rollers much used in grinding before they were displaced by the introduction of steel rollers. The best buhr (or burr) stone for this purpose is a hard, porous silicate, obtained from the Seine district.

**MILREIS.**—(See FOREIGN MONIES—BRAZIL, PORTUGAL, SOUTH AFRICA.)

**MIMEOGRAPH.**—(See DUPLICATING.)

**MIMOSA BARK.**—The bark of a genus of leguminous plants of the acacia family, exported chiefly from Adelaide (Australia). It is valuable for the tannin it contains. The mimosa also grows in the tropical and sub-tropical districts of Asia and Africa. A useful gum is extracted from the tree.

**MINERAL OIL.** This oil which is obtained from the earth and the generic name is given to distinguish it from vegetable and animal oil. Petroleum is an example of a mineral oil.

**MINERAL RIGHTS DUTY.**—This is a duty imposed by the Finance Act, 1909 (10), on the rental value of all rights to work minerals and of all mineral wayleaves, at the rate in each case of 1s. for every 20s. of that rental value. In calculating the amount of the rental value, it is taken to be the amount of rent paid by the lessee in the last working year. Where the minerals are being actually worked by the proprietor, the amount is that which is obtained by the Commissioners.

**MINERAL WATERS.** The waters of various springs, so called from their mineral constituents to which they owe their value as a remedy for dyspepsia, rheumatism, gout, anaemia, skin and other diseases. The springs of the numerous health resorts are variously noted for their alkali, non-alkaline, or sulphurous ingredients, and are used either for bathing or for drinking purposes. Among English springs the best known are those of Buxton, Bath, Harrogate, and Tunbridge Wells. The chief of the numerous continental springs are at Baden, Baden, Homburg, Wiesbaden, Kissingen, and Kreuznach; Aix-les-Bains and Spa; at Marienbad, Carlsbad, etc. Apollinaris represent a class of digestive mineral water, bottled for table use, but numerous so-called mineral waters of this type are artificially prepared. (See MINERAL WATER.)

**MINETTE.** This is the name of a particular kind of ore obtained in large quantities in Lorraine, and the northern part of France. It is very valuable on account of it being a hydroxide of iron with a particularly convenient percentage of iron which renders the admixture of a flux when furnacing unnecessary. Thus the cost of producing iron is largely reduced. It is generally believed that the possession of these deposits was one of the chief primary objects of the Germans in the Great War.

**MINIMUM SUBSCRIPTION.**—By the Companies (Consolidation) Act, 1908, no company can now go to allotment unless certain conditions as to application for shares are fulfilled. These conditions are set out in Sec. 85, and are as follows:—

"(1) No allotment shall be made of any share capital of a company offered to the public for subscription, unless the following conditions have been complied with, namely:

"(a) the amount (if any) fixed by the memorandum or articles and named in the prospectus as the minimum subscription upon which the directors may proceed to allotment; or

"(b) if no amount is so fixed and named, then the whole amount of the share capital so offered for subscription has been subscribed, and the sum payable on application for the amount so fixed and named, or for the whole amount so offered for subscription, has been paid to and received by the company.

"(2) The amount so fixed and named and the whole amount aforesaid shall be reckoned

exclusively of any amount payable otherwise than in cash, and is in this Act referred to as the minimum subscription.

"(3) The amount payable on application on each share shall not be less than 5 per cent. of the nominal amount of the share.

"(4) If the conditions aforesaid have not been complied with on the expiration of forty days after the said issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest, and, if any such money is not so repaid within forty-eight days after the issue of the prospectus, the directors of the company shall be jointly and severally liable to repay that money with interest at the rate of 5 per cent. per annum from the expiration of the forty-eight days.

Provided that a director shall not be liable if he proves that the loss of the money was not due to any misconduct or negligence on his part.

"(5) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void.

"(6) This section, except sub-section (3) thereof, shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

"(7) In the case of the first allotment of share capital payable in cash of a company which does not issue an invitation to the public to subscribe for its shares, no allotment shall be made unless the minimum subscription (that is to say) :

"(a) the amount (if any) fixed by the memorandum or articles and named in the prospectus as the minimum subscription upon which the directors may proceed to allotment; or

"(b) if no amount is so fixed and named, then the whole amount of the share capital other than that issued or agreed to be issued as fully or partly paid up otherwise than in cash, has been subscribed and an amount not less than 5 per cent. of the nominal amount of each share payable in cash has been paid to and received by the company."

This last sub-section does not apply to the case of a private company (*qv*). (See ALLOTMENT.)

**MINIMUM WAGE.** One of the demands of the Labour party is that no man shall be employed at a wage lower than the minimum fixed for his particular trade by his union. This is known as the principle of the minimum wage. It was given effect to by the British Parliament so far as the miners are concerned in the early part of 1912 in consequence of the disastrous coal strike which broke out on the 1st of March 1912. After the Great War the principle seemed likely to be extended to all kinds of trades.

**MINIUM.**—Red oxide of lead, imported chiefly from Germany. It is used as a cement, as a pigment, and in the manufacture of flint glass. (See LEAD.)

**MINK.**—A carnivore of the weasel family, of which there are several species found in Russia, Siberia, and North America respectively. The dark brown fur is much prized for stoles, muffs, capes, etc. Large supplies come from North America.

**MINORS.**—Persons of either sex who are under the age of twenty-one years. (See INFANTS.)

**MINT.**—A genus of aromatic plants, of which many species grow wild in Britain and in other

temperate regions. The cultivated varieties are most important. These include spearmint, the odoriferous plant so much used for culinary purposes, and peppermint or *Mentha piperita*. The latter plant is largely grown in Surrey, Cambridge, and Lincoln. It has a pungent odour and a characteristic taste. The aromatic oil obtained from its leaves is used as a remedy in gastric troubles, as a flavouring agent in confectionery, and in the preparation of a liqueur (*q.v.*). Pennyroyal (*q.v.*) is another species of mint.

**MINT.**—The name of the place where the national money is coined. Formerly there were several mints in this country at Bristol, Chester, Exeter, Norwich, and York, but for many centuries past there has only been one Royal Mint, the operations of which are carried on at Tower Hill, London. Besides the Royal Mint, there are several colonial mints. The Canadian Mint is at Ottawa.

The Calcutta mint is of great importance, and there are also large mints at Madras and Bombay. Mints have also been established in Victoria, New South Wales, and West Australia, at Melbourne, Sydney, and Perth respectively, and the sovereigns coined in these mints are current in Great Britain.

All transactions between the Royal Mint and the public are conducted through the Bank of England. Any person may take bar gold up to the value of £20,000 to the Bank and have it returned to him in sovereigns and half-sovereigns. The bar gold is received at the rate of £3 17s. 9d. per ounce, *i.e.*, 1½d. per ounce below its market price, the difference being charged for the cost of coining.

The word is derived either from the Anglo-Saxon *mynt*, money or coin, or from the Latin, *moneta*, a surname of Juno, whose temple was used by the Romans as a mint.

**MINT PAR OF EXCHANGE.** The Mint Par between any two countries which use the same metal for their standard of coinage is found by comparing a standard coin of each, making the calculation upon the weight and fineness of the precious metal only. In other words the Mint Par between countries A and B is the number of B coins which contain the same quantity of pure gold (or whatever is the standard metal of both countries) as one A coin contains. The Mint Par of exchange between two countries never varies unless one of them alters its coinage regulations, increasing or decreasing the quantity of the precious metal in its standard coin.

As an example, the Mint Par between England and France is 25.22 francs for £1, that is to say, there is the same quantity of pure gold in 25.22 francs as there is in £1, which is arrived at from knowing that by English law 480 oz. troy of gold eleven-twelfths fine are coined into 1,869 sovereigns, and by French law 1,000 grammes of gold nine-tenths fine are coined into 155 Napoleons of 20 francs each. (Nominally France is a dual standard country, both gold and silver being legal tender for any amount, but in practice the basis is a gold one.)

The following are the Mint Pars between England and the places named:

|  |                     |
|--|---------------------|
| Paris                                    | 25.22 francs for £1 |
| Berlin                                   | 20.43 marks for £1  |
| New York                                 | £86½ dollars for £1 |
| * (also quoted 49½ pence for one dollar) |                     |
| Vienna                                   | 24.02 kronen for £1 |
| Amsterdam                                | 12.10 florin for £1 |

**MINT PRICE.**—The Mint price of a given quantity of bullion is the quantity of coins into which that weight of bullion is divided. The quantity of coins in circulation which is equal to that weight of bullion is its market price, and as coins which are in circulation lose much weight, more of them will be required than if they were new, and the market price will therefore be above the Mint price. The Mint price of gold bullion is its value in gold coins, and the Mint price of silver bullion is its value in silver coins.

**MINUTE BOOK.** This is the book in which is kept a brief record of the business transacted at a meeting. (See **MINUTES**.)

**MINUTES.**—The minute books of a public company should constitute a clear and continuous record of the company's existence from its incorporation onwards. The particulars contained therein should not be merely a list of resolutions, but should include a concise narrative of the proceedings at the meetings, the names of any persons who may have actively opposed the resolutions adopted being particularly mentioned, and a brief resumé given of any important discussions which may have taken place. This is especially applicable in the case of Board meetings, as directors who may wish to dissociate themselves from their colleagues with regard to some particular course of action followed will have an official record of their attitude on the matter for use should the necessity arise.

There is no desire to convey by the foregoing that the minute book should be filled with long accounts of trivial or futile discussions, the record of which would obviously be of little value. Minutes should be as tersely worded as possible, but better to use a few words too many than allow ambiguity to creep in.

The particulars of the proceedings at general meetings of shareholders in large and important companies will usually be taken down verbatim, for which purpose an expert professional reporter will probably be required. In such cases the material for the preparation of the minutes will be readily obtained, but for the meetings of shareholders in smaller companies and for board meetings the secretary will have to rely on his own notes and any with which the chairman is able and willing to furnish him. The chairman's notes should be written on his copy of the agenda paper, which should have been prepared with a liberal margin on the right-hand side for that purpose.

There is a statutory obligation on companies to keep minutes, although it is not specified in what form they are to be kept, nor what particulars are to be entered. Section 71 (s.s. 1) of the 1908 Act is as follows:—

"Every company shall cause minutes of all proceedings of general meetings and (where there are directors or managers) of its directors or managers to be entered in books kept for that purpose."

The Articles of most companies will be found to contain some reference to the manner in which minutes are to be kept. For example, Clause 75 of Table A provides that—

"The directors shall cause minutes to be made in books provided for the purpose—

"(a) of all appointments of officers made by the directors;

"(b) of the names of the directors present

at each meeting of the directors and of any committee of the directors.

"(c) of all resolutions and proceedings at all meetings of the company and of the directors and of committees of directors;

and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose."

The pages of the minute book should be numbered and the name of the company, either printed or stamped with a rubber stamp, appear at the head of each page. Spoilt pages should have the word "cancelled" written across them, and should never be removed from the book or pasted together, as other practice may give rise at some future time to a suspicion that something material has been suppressed.

On no account should any alteration be made to the minutes after they have been signed as correct by the chairman. If it is found necessary to make an alteration after the minutes have been written up, the chairman should be asked to initial the alteration at the time he attests by signature.

Where the meetings are frequent and the matters dealt with numerous and varied, some system of indexing will probably be found of great value in the minute book or by means of a small card index.

The minutes of a meeting are usually read at the next succeeding meeting, when with the sanction of the company, the chairman signs each minute as correct.

This is sometimes called "confirming" the minute, but the use of this word seems to have given rise to a good deal of misconception. Minutes are not submitted to a meeting with the idea of affording to anyone who may happen to disagree with a resolution passed at the previous meeting, an opportunity of reopening the matter. The object is not to "confirm" the decisions arrived at, but to say whether or not the minutes constitute a faithful record of the proceedings. Failure to appreciate this point frequently leads to fruitless discussion and waste of time. For this reason and also on account of the length of time which usually elapses between the meetings, it is better that the minutes of ordinary general meetings of shareholders should be read and signed at the next board meeting at which the chairman of the shareholders' meeting is present.

The 1908 Act (Clause 71, s. 8 (2)) provides that any minute purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be evidence of the proceedings. The chairman's signature, therefore, is all that is required according to the statute to make the minutes good, and, failing special provision in the articles of the company to the contrary, there is no obligation to have the minutes read or submitted for approval to any meeting.

A director who is present at a board meeting at which the minutes of a previous meeting are read and approved as correct is not, in consequence, rendered responsible for the proceedings which took place at the meeting to which the minutes relate.

Subsection 3 of Clause 71 is as follows:—

"Until the contrary is proved, every general meeting of the company or meeting of directors or managers in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly held and convened, and all

proceedings held thereat to have been duly had, and all appointments of directors, managers, or liquidators shall be deemed to be valid."

The provisions of Clause 71 are often a great boon to companies and directors, since in any dispute regarding the matters recorded in the minutes, or as to whether the meeting was duly constituted, *e.g.*, the prescribed quorum present, the onus of proof lies with those seeking to impugn the correctness of the minutes. The evidence afforded by minutes will not be regarded by the courts as conclusive, and may be rebutted, if sufficiently strong conflicting evidence is forthcoming. The courts decided in one case that the chairman's signature to minutes in which the terms of a contract were set out, was sufficient to satisfy the Statute of Frauds, whereby certain contracts are not enforceable unless in writing signed by the party to be charged or his agent.

The minute should state the place and date of the meeting, the name of the chairman, and, in the case of board meetings, the names of the directors present.

The attendance of the company's solicitor at a board meeting, or any person holding an important position in the company's service, *e.g.*, consulting engineer, should be recorded.

The business should be entered in the order in which it was taken at the meeting. All resolutions carried should be set out in full, each forming a separate paragraph, recorded by the word "resolved" written boldly. This method makes the acted resolutions stand out from any introductory or other matter, and facilitates extracting in the event of a copy of any particular resolution being required.

The names of proposer and seconder (if any) of all motions should always be stated.

When recording in the minutes the facts of a resolution care should be taken to give the precise wording of the chairman's declaration, and if he mentions the number voting on each side, the figures should be entered, but not otherwise. Where a poll has been taken on a resolution and scrutineers appointed, their report should be incorporated in the minutes.

The minutes should contain particulars of all appointments made by the Board, of all contracts, giving as full details as can be done conveniently, and of any agreement which the Board may have authorised to be executed, with the names of the parties, and, if to be executed under hand only, the name or names of the directors deputed to sign on behalf of the company. It is advisable to give a short description of the agreement for the purposes of identification.

The Board's authority to use the common seal of the company should always be recorded in the minutes, with a note of the document to be sealed.

Transfer of shares are usually submitted to the Board for approval; the minutes should give particulars, *i.e.*, the numbers of the transfers and the shares represented.

The proceedings at Board meetings frequently take a much more informal tone than is advisable, and it may happen that the decision of a matter of considerable importance is approved by general assent without being embodied in any formal resolution. Much, if not all, of the business mentioned above ought to form the subject of carefully worded resolutions at whatever Board meeting it may arise, but the secretary must take care not to omit from the minutes any decisions of



the Board simply because such have not been expressed in formal resolutions.

It should be remembered, when calling up unpaid capital, that to make a call valid it is necessary that a proper entry be made in the minutes, setting out the resolution of the director, whereby the call is made.

**MIRBANE.**—Oil or essence of mirbane is the commercial name for nitro-benzene or nitro-benzol. It is a poisonous, yellowish liquid, with an odour like bitter almonds, and is prepared by treating benzol (*qv*) with nitric and sulphuric acids. It is used in soap, perfumery, and as a source of aniline.

**MIRIAGRAMMA.** (See FOREIGN WEIGHTS AND MEASURES, ITALY.)

**MIRIAMETRO.** (See FOREIGN WEIGHTS AND MEASURES, ITALY.)

**MISAPPROPRIATION.** This is the term generally used to signify the conversion of property lawfully in one's possession, but entrusted for some particular purpose, to one's own use or benefit, or to the use or benefit of some person other than the true owner. This term is not really known to the law, but it is a convenient expression found in common language to cover a number of fraudulent transactions, especially such a crime as embezzlement (*qv*).

**MISDEMEANOUR.** A misdemeanour is a crime, but it cannot be further defined than that it is one of the offences which do not fall into the category of felonies. It is, in fact, a negative expression. Misdemeanours are, in general, the less serious offences known to the law. But this is not always the case. For example, perjury is a misdemeanour, although simple larceny (*qv*) is a felony. Every offence which is now created by statute, and which is not specially stated to be a felony is a misdemeanour. A misdemeanour may be tried upon indictment (*qv*), information (*qv*), or information (*qv*). As to the principal differences between felonies and misdemeanours, so far as some of the incidents of a trial are concerned, see FELONY.

There may be accessories after the fact to felonies, but not to misdemeanours. (See ACCESSORIES.)

**MISFEASANCE.** This is a legal expression found in connection with the law of torts (*qv*) and it signifies the doing of a wrongful act, or the doing of a lawful act in a wrongful manner. The actual doing of the wrongful act is often termed malfeasance. The terms *malfeasance* and *misfeasance* must be carefully distinguished from *nonfeasance*, which means the mere omission to do a certain act. In many cases a private individual is liable in law for any injury or damage which may arise either through an act of commission or an act of omission, *ie.*, he is liable for both misfeasance and nonfeasance. A corporate body, generally speaking, is only liable in a civil suit for misfeasance.

**MISKAL.** (See FOREIGN WEIGHTS AND MEASURES, PERSIA.)

**MISPRISON.** This is a legal term which is generally used to denote concealment and it is most commonly met with in connection with the concealment of acts of treason or felony, called misprison of treason or misprison of felony. Each of these constitutes an offence, as it is considered dangerous to the community that any person should fail to reveal any treason or felony of which he is cognisant. (See COMPOUNDING.)

**MISREPRESENTATION.**—Whenever a contract is about to be entered into between two parties,

it is practically certain that certain statements will have been made on one side or the other, which will have had the effect of bringing about the conclusion of the contract. In some cases, *eg.*, insurance, every possible kind of disclosure will have been demanded, such contracts being of the class known as *uberrimæ fidei* (*qv*). But in other cases it is not so. Contracts are entered into upon the faith of certain statements, and the question that arises is, was there anything said or done of such a character as to make it unfair that the parties should be bound by their contract into which they have entered. In order that misrepresentation may be made the ground for the rescission of a contract, it must be shown that the misrepresentation is one of fact, and not of law, that it was made by one of the parties to the contract, and that the contract itself was induced by the other party relying and acting upon the misrepresentation.

A text-book writer has stated the matter succinctly as follows: "When a man intends to enter into a bargain he must use foresight and ordinary prudence, and he cannot expect much sympathy if his bargain turns out to be less favourable than he imagined it would be, especially, if when he has had every opportunity of examining the whole matter for himself, he has nevertheless trusted blindly to the statements of others. Thus, upon the sale of a business, the vendor may make an honest statement of opinion, although quite incorrect, as to the nature and prospects of the business, or he may praise it unduly. This conduct creates no liability, the maxim of law being *simplex commendatio non obligat* (*ie.*, a mere case of putting does not bind a man). It is the duty of the purchaser to make further inquiries himself. If he fails to make the representations of the vendor a term of the contract, or if he neglects to examine the books, to inspect the stock in-trade, or to attend to any of the matters which would naturally occur to the mind of an ordinarily prudent man, there is no ground for relief."

When a case of misrepresentation arises, and it is one of a character in which the law will grant relief, the remedy is rescission of the contract. The object is to place the parties to the contract, as far as possible, in the position which they occupied before the contract was entered into. Upon generally acknowledged principles, the application for relief upon the ground of misrepresentation must be made speedily, or it will not be attended to.

The subject dealt with fully in the article headed CONTRACT. See also the article under the heading of FRAUD.

**MISSING SHIP.**—Foundering at sea, when proximately caused by the fury of storms and tempests, is an obvious case of loss by the perils of the sea. The only difficulty is the proof of the loss in cases where the ship founders with all on board, or after the crew have left and lost sight of her. It is expressly provided by Section 58 of the Marine Insurance Act, 1906, that

"Where the ship concerned in the adventure is missing, and after the lapse of a reasonable time no news of her has been received, an actual total loss may be presumed."

The period of time after which this presumption shall take effect is positively fixed for voyages of different length and duration by the laws of many

continental nations. By the French Code of Commerce, it is a period of six months for ordinary and one year for distant voyages, and with regard to time policies, it is declared that the loss in such cases shall be presumed to have taken place within the limits of the risk. The result of this last provision is, that in the case of a missing ship the loss, under the French law, is presumed to have happened immediately after the last news. Thus, if a ship is insured for three months, and, not being heard of, a further insurance is then made for a year, and the vessel is never heard of, in that case the first insurer pays the loss. In English law no fixed periods are established after which a ship not heard of is to be deemed to have perished at sea, but each case is left to depend on its own circumstances, and the judgment of practical men. In order, however, to lay a foundation for any presumption of this kind, it must be proved that the ship, when she left the port of departure, was really bound for and sailed on the voyage insured. It is not, however, requisite, in order to support this presumption when once founded, to call witnesses from the foreign outposts, to prove the fact that the ship has never been heard of there. If it is proved that the ship sailed for a given port, the fact of her never having arrived there (supposing a reasonable time for such arrival to have elapsed before an action is brought), coupled with the prevalence of a report at her port of departure that she had foundered at sea, will be sufficient *prima facie* evidence of a loss by the perils of the seas, and even although the crew may have been saved, it is not necessary, in the first instance, to call any of them to corroborate, by direct evidence, the presumption thus raised, nor to show that the plaintiff could not procure their attendance, especially in the case of a foreign ship.

**MISTAKE.** In order that a contract may be entered into, there must be a *consensus ad idem*, i.e., two minds must agree in the same sense upon the same subject matter. Unless there is such an agreement there can be no contract in the true sense of the word. And if two parties profess to agree upon conditions which are utterly wrong, then there arises a cause for setting aside the agreement on the ground that there has been a mistake. Take an example. Two persons agree as to the sale of an insurance policy, both believing that the assured is alive, whereas, in fact, he is dead. This is a mistake of fact, and such a contract can be set aside on the ground of mistake.

The mistake which will invalidate a contract is not to be confounded with the popular meaning of mistake, and it is to be carefully borne in mind that mistake only extends to questions of fact, and not of law. If it were otherwise, the majority of people would strive to get out of their liabilities on the ground that things had turned out contrary to their expectations, and that they had been mistaken. This has been made very clear by a series of well-known cases. Fact and not law must be the primary consideration. No agreement, which, in other respects, contains all the ingredients of a valid contract, is invalid because of a mistake of construction of the law. A person who has full knowledge of all the material facts of the case cannot plead ignorance of the legal effects of an agreement. The maxim of law is *Ignorantia juris non excusat*, i.e., ignorance of the law excuses no man.

The question of mistake is one which gives rise

to most intricate problems, and requires the most careful consideration. In a general way, however, the whole matter is treated fully in the article under the heading of CONTRACT.

**MISTAKE IN PAYMENT.** It has been explained in the article dealing with CONTRACT (*q. v.*) that a person is not relieved from the obligation of his contract if he enters into it owing to a mistake as to the law on a particular point, since everyone is assumed to know the law. But that if the mistake was one of fact, he may obtain a discharge from liability. The same rule applies to mistakes in the payment of money, and may be more precisely expressed as being that money paid with a knowledge of all the facts, but under a mistake as to the law, cannot in general be recovered back, there being nothing against conscience in the other person retaining it, money paid under a mistake of facts, and which the party receiving it has no claim in conscience to retain, is recoverable as money paid without consideration. Payments made in ignorance, or in *bona fide* forgetfulness of a fact formerly known to the payer, may be regarded as paid under mistake of fact and recovered, as where a husband pays a bill in remembrance of the fact that it has already been paid by his wife, or where a man in the hurry of business forgets that he had already made a payment on account, and sends a cheque for the full amount of a contract debt. In such a case he may recover the sum paid in excess of the real debt as money paid under mistake. But not every mistake of fact will enable a person to recover money paid, e.g., if a banker cashes a customer's cheque, and afterwards discovers that he had no assets in hand of the customer's, he cannot recover the money from the person to whom he paid it, and when an article is purchased which turns out to be of a less value than the price given for it, the extra price paid cannot be recovered back if there was no fraud on the part of the seller.

Money paid under compulsion of legal process cannot be recovered back, if the proceedings were *bona fide*, even though they subsequently turn out to have been unconceived, nor can money paid in compromise of a claim honestly made, even though the claim is afterwards found to have been ill founded. Money voluntarily paid on a claim which might have been resisted cannot be recovered, unless the payment has been made to recover goods wrongfully detained, in which case the payment is not considered to have been voluntary. An exception occurs in the case of money paid to recover goods which have been improperly distrained for rent, since other remedies are available to the aggrieved person.

The liability to refund money paid in mistake will often depend upon whether the payee received the money as a principal or as an agent. If as the former, he may be liable to repay, but if as the latter, and he has accounted to his principal for the money before the demand for repayment is made, his personal liability will cease. Where, however, the payee really received the money as a principal, it will be no answer for him to say that he has paid it over to another person for whom he was acting in the transaction.

**MITRE.** One of the chief tools of the cabinet maker and the picture frame maker. Its use is for the exact cutting of angles in wood.

**MIXED POLICY.** This is the name given to a species of policy under which a ship is insured in respect of time and place, i.e., it is a policy which

**COVERS** voyages between two specified places for a definite period of time.

**MOBILIER, CREDIT.** (See CREDIT MOBILIER.)

**MOCHA.** This is the name given to the best quality of coffee, grown on the East Red Sea littoral, and considered to be the standard of quality of the beverage.

**MOCK AUCTION.** This is the name given to an auction sale in which the vendor or auctioneer employs and places confederates around the auction room to tout and to bid for the goods which are offered for sale so that the prices are run up against the genuine buyers.

**MOHAIR.**—The long, silky hair of the Angora goat (*q.v.*)

**MOHRA FLOWERS.** Flowers containing sugar, and used as a food in India. A spirit is obtained by distillation, and the dried flowers are imported into Europe for this purpose. The plant from which they are obtained is the *Bassia latifolia*.

**MOIRE.** The French name for thick silks, with a pattern of waved lines obtained by a process known as watering. The silk is damped, folded carefully, and subjected to enormous pressure by means of which the air is expelled and the moisture drawn into the waved lines which characterise this make of figured silk. "Monette" and "moreen" are trade names for fabrics of cotton or wool treated in the same way.

**MOLASSES.**—The drainings of crude sugar obtained during the process of boiling the raw product of either the cane or the beet. It is a dark, thick, viscous syrup used (when obtained from the sugar cane) for making rum. It is often known as treacle though technically a distinction exists between the two articles.

**MOLE.** A seawall built in front of many of the leading seaports for the protection of shipping, for the formation of a haven, or for the regulation of the flow of tide. It is generally a work of great importance in which class of work British contractors have secured the leading position.

**MOLESKIN.** One of the chief skins used for articles for ladies' wear. It is the skin of the common mole, and many millions are annually used by the makers of articles of fur for the production of ladies' attire. The moleskin worn by workmen, railway porters, etc., is not skin at all, but a toughly woven velvet cloth of excellent durability.

**MOMME.**—(See FOREIGN WEIGHTS AND MEASURES, JAPAN.)

**MONETARY PANICS.**—There is said to be a monetary panic when a great many merchants and traders experience, or fear that they will experience, a difficulty in meeting the obligations they have incurred. It is the extreme case of monetary stringency, or contraction of credit. Only in a system of trading based mainly on credit would a monetary panic be possible. It arises from the fact that, since purchasing power is to so great an extent a creation of the mind, its annihilation, too, is possible by the mind. In certain stages of the public mind, credit as purchasing power is an apparently unlimited fund on which to draw. Prices rise, and holders realise, or appear to have the power of realising, great gains. At such times a sudden expansion of credit takes place. The disposition to trust goes beyond what sober reason would justify, men not only utilise their credit more than on ordinary occasions, but they actually have more credit, and, by a strange method of

reasoning, the fact that they are trusted by one creditor is made a reason why they should be trusted by another. The extension of operations has probably had a rational basis. There has been a sudden release of commerce from restrictions, as when the close of the Great War made the seas safe for trading vessels, a new market for goods has been opened, or one line of manufacture—textile, or iron, or other—may be unusually prosperous. But from the favoured line the sanguine spirit reaches other branches of trade, in which there exists no reason for any extraordinary activity, speculative investments, purchases, and advances are made to an inordinate extent. There is occasioned an excessive demand for credit, and, since so many men prefer excitement to safety, the credit is for a while forthcoming. Cheques and the other credit instruments are taken without hesitation. The increase in purchasing power called forth by the irrational extension of credit reacts on prices. These rise, and as the rise shows no sign of slackening, the hope of realising profits by credit purchases brings into the market other sets of buyers. Their bidding raises prices still further. But obviously the process cannot continue indefinitely. The rise in prices encourages a great importation, and in any case, more than ordinary engagements abroad for material and food must be met. Manufactures do not command abroad the prices they do at home and credit instruments are available in a much less degree. There ensues, then, a drain on the banks for gold—the sole international currency. Gold does not now fulfil its ordinary function of a makeweight in the great operations of commerce, a means of paying a slight balance due. It becomes itself an article of commerce. The drain speedily reaches the single reserve, which is that at the Bank of England. The necessity of protecting this reserve and of signalling for gold from abroad leads to a sudden rise in the Bank rate, and this rise sounds a warning to those from whom credit is sought, and it is less readily given. Or it may be that, before the turning of the Exchanges and the rise in the Bank rate make clear that credit is growing too great for its basis of gold, some other event has shaken public confidence, and has led to a revulsion. Some firms have, it may be, improvidently made their capital unavailable for a time. The desire of such firms to realise by sales the money to meet their bills, causes prices to fall. The last holders, in the recoil of prices, seem to be losing, and are unwilling to sell in the falling market. They make fresh demands on the bankers for the means of holding on, but at such a time, when all have engagements to meet, and none is sure of having his funds available, few like to part with money or to postpone claims to it. In extreme cases, the reaction leads to a panic as little rational as the former over-confidence. Contraction of demand takes place in many industries simultaneously. Lessened credit facilities prevent goods from getting rapidly into the hands of consumers in exchange for other goods, and we have "over production" in several lines through the inadequacy of instruments of circulation. Manufacturers fail to market their stocks, short time is worked, less wages can be spent for goods, and so the mischief circulates. Firms of the greatest solidity fail to command the renewal of credit on which they have become accustomed to rely. Borrowings take place at almost any interest, and sales are made at almost any sacrifice. Some firms

of repute stop payment, not because they are ultimately insolvent, but because of the destruction of credit. Less reputable firms can obtain advances on no conditions except the most onerous, and numbers do not weather the panic.

During a great portion of the nineteenth century these periods of inflated credit, followed by a collapse, which amounted to a crisis or panic, recurred at almost regular intervals. So soon as the previous disaster had ceased to be vivid, the speculative spirit began again to operate, and each decade was marked by a crisis. They have been named credit cycles, and connected in a curious and ingenious manner with sun-spots. The sun-spots meant abundant heat, the heat meant bountiful harvests, the bountiful harvests encouraged speculation till the reaction came, and the chain of reasoning was complete. But the fact that even shrewd manufacturers and dealers are keenly sensitive to the "feeling of the market," and do, as a rule, just what their fellows do, is a sufficient reason for the psychological occurrence which we call a monetary panic.

It is to be noted, in conclusion, that a panic, in these days of intimate relations between countries, is less than ever an isolated phenomenon. That which in the autumn of 1907 originated in the United States disturbed the whole financial world. In London, the Bank rate was put up at the first signs of an unusual demand by New York for gold. The rise caused gold to flow to London from other centres; and she was thus enabled, without greatly depleting her own reserve, to meet New York demands, though these amounted to £25,000,000.

Just before and upon the outbreak of the Great War in 1914, there were fears of a monetary panic in most parts of the world, and the result of such a panic could not have failed to be disastrous. Fortunately the situation was quickly and brilliantly met by the financial experts who advised the Government, and so well was their work accomplished that there was no necessity to suspend the Bank Charter Act (*q.v.*) which at one time appeared to be likely.

**MONETARY UNION.**—(See LATIN UNION, SCANDINAVIAN UNION.)

**MONETARY UNIT.**—The measure of value which is adopted in any country for the sake of comparison with other coins. Thus, in the United Kingdom the monetary unit is the sovereign, and the value of all other coins is arrived at by a comparison between these coins and the sovereign. In the United States the monetary unit is the dollar, in Germany it is the mark, and in France it is the franc. (See FOREIGN MONIES.)

**MONEY.**—This is often defined shortly as a "measure of value and a medium of exchange." It is, in fact, the standard by which the value of commodities is measured, and the medium by which they are bought and sold. Money and credit, to which money gave birth, form the basis upon which the whole stupendous business of banking and finance generally, has been built up.

It is difficult to conceive anything which can be of greater importance in the civilized world than money, so far as carrying on its business is concerned. It comes closely into contact with mankind in almost every department of life. This is clearly exemplified by the fact that a pecuniary value has been generally attached to every conceivable kind of commodity and to every

conceivable kind of work and labour in which people indulge.

In primitive times there was no such thing as money, and when an exchange of goods had to be made, there was nothing for it but a system of barter, *i.e.*, one or more articles was or were given in exchange for another or others. This naturally led to great inconvenience, and at a very early stage a circulating medium of some kind or other must have been invented. Probably one of the first standards of value set up was cattle. Thus, a certain thing was said to be worth so many head of cattle. In the *Iliad* Homer says that the armour of Diomedes was worth only nine oxen, and the armour of Glaucus was worth 100 oxen, which indicates that in those days oxen were regarded as a standard of value.

Cattle were of great importance in the early stages of civilisation, and in several languages the name of money is identical with that of some kind of cattle, or domesticated animal. Professor Jevons points out that *pecunia*, the Latin word for money, is derived from *pecus*, cattle; that the English word "fee" is nothing but the Anglo-Saxon *feoh*, which signifies both money and cattle.

Different articles have been used in various countries at different times to meet the necessity for a medium of exchange and a measure of value. In India and in certain parts of Africa, cowrie shells were and are still used as a currency. In some parts of China blocks of compressed tea are used. In Abyssinia blocks of salt serve a similar purpose. But it is needless to go through all these matters, as they possess merely historical interest, and have practically nothing to do with modern commerce. By degrees the precious metals became recognised as the best medium, and ultimately coins were found to be of the greatest utility.

The Chinese are reported to have made coins as early as 2250 B.C. The ingots, which had hitherto been so troublesome, were, by the invention of coins, divided up into pieces of different values so that they could be available for the smallest purchases, and operate as the medium of commerce without the process of weighing, an operation which, in the case of the precious metals, was unreliable and open to misuse. The trouble of assaying the metals was done away with, for the coins at length came to bear upon their faces the Government stamp, which, as a rule, assured the holder that they were of a certain quality of metal. From this brief history of the evolution of money it is seen that each coin, to the extent of its value, is like an order payable to bearer drawn upon anyone to whom it is presented. The true nature or function of money is the right or title to demand something from others. John Stuart Mill says: "The pounds or shillings which a person receives weekly or yearly are not what constitute his income; they are a sort of tickets or orders which he can present for payment at any shop he pleases, and which entitle him to receive a certain value of any commodity that he makes choice of."

The word "money" is derived from the temple of Juno Moneta, which was used by the Romans as a mint. (See COINAGE, *MON.*)

**MONEY ARTICLE.**—By "Money Article" is understood that portion of the daily newspaper relating to monetary and investment matters. Although called the "Money Article," only a small portion of the section deals with money as a commodity and the precious metals, the greater part of

being devoted to movements in the prices of investment securities. "Financial Page" or "Financial Section" would be a better name, but the term "Money Article" has become crystallised by use, and will no doubt continue to be employed.

No daily or weekly newspaper is without this feature, so widespread is the interest taken in financial matters. It is only during the last eighty or ninety years that the Money Article has become a regular feature of the daily newspaper. Now and again a report by a stockbroker was published in much the same way as at the present time a report under the name of a broker or merchant may appear on the *hop* market, but, speaking generally, the financial portion of a newspaper was usually limited to a short list of prices.

To the student of the Press, the development of the Money Article is of considerable interest, for it has been least affected by the modern popular method, by means of which the Press has been revolutionised the last few years. In most newspapers the Money Article is still as stiff, formal, and editorial as it was, say, twenty or thirty years ago, although it must be admitted that some signs of a gradual change in the shape of a more newsy tone and a little more sprightliness is beginning to be apparent in one or two of the most popular papers. With the growing democratisation of finance this tendency is sure to develop, and the day will come when the Money Article will be as interesting and possibly as sensational as the other sections of the daily paper.

Respect for tradition causes the commencement of each Money Article or financial page to deal with money, that is to say, the value of loanable money, discount rates, exports and imports of gold, etc. Then attention is paid to the principal sections into which Stock Exchange securities are divided in the following order: British and Colonial Government securities, British railway stocks, American railroad bonds, and shares, Foreign Government loans, and Commercial and Industrial securities. Separate sections are devoted to the leading speculative markets, namely, rubber shares, rubber shares, and oil shares. On the same page is given daily a list of prices ruling on foreign exchanges, telegraphed from different financial centres, and, twice weekly, following upon the regular meeting days of the bill brokers in London, "on Change," is given a list of the London rates of exchange for remittances to foreign centres. As already stated, the prices of a few of the principal stocks dealt in on the most important foreign Bourses are given under the headings of their respective towns, and forming part of the Money Article, but often printed on another page, on account of its being "late news," is the cable list of prices from New York, which gives the closing prices recorded on that important stock exchange some hours after the close of business on the English exchanges, on account of the difference in time. The half-yearly or annual reports of all companies of importance that come to hand are summarised, and the salient points brought out in a few lines which appear on the financial page. Announcements as to dividend declarations, traffic returns, mining outputs, etc., also appear in a few lines, and by the time one has dissected the Money Article in this fashion it is startling to think how much work, how many cablegrams from all quarters of the world, and how much human activity are compressed into the few columns

of apparently uninteresting matter that are comprehended under the designation of the "Money Article."

On certain days of the week special items of news appear in the Money Article. Every Friday, for instance, the morning papers contain the weekly report of the Bank of England, and comment upon it. On other days similar reports of the leading Continental banks and the Associated New York Banks also appear.

Summaries of prospectuses of new issues are also inserted in the Money Article, and occasionally criticisms, these latter are not so frequent as is desirable, "business reasons" no doubt being responsible for this circumstance. The insertion of prospectuses in newspapers has to be paid for at a very high rate, and there may be a certain reluctance to criticise things heavily advertised. To the credit of several papers let it be said that the fact that a new issue is advertised in their columns does not prevent the financial editors from pointing out any weaknesses or shortcomings in the security of the issue, but there is undoubtedly room for the extension of this practice. The summarised reports of company meetings often appear on the financial page. If of any length, these are usually paid for as advertisements. Uninteresting as they may appear to the general reader, it is none the less a fact that many of these company reports give first hand information on topics of general interest.

As regards the lists of prices which are given in the Money Article, it should be understood that only a very small fraction of the total number of existing Stock Exchange securities can possibly be included.

To a certain extent, the Stock Exchange securities quoted in the daily papers may be taken as being those in which business is most frequent, but this is not necessarily the case, as here also it is the practice of many papers to include certain securities in their list of quotations against payment. The financial papers naturally publish much longer lists than the ordinary daily papers, but even these cannot notice more than a certain proportion of the securities that are quoted. The official lists of the various Stock Exchanges contain thousands of securities which are not quoted in the Press.

The function of the Money Article is a double one; first, in the shape of news, its function is to record price changes and events of importance affecting the value of investment securities, this much being in the nature of news. Its second function is to draw attention to movements, tendencies, and factors that may affect values, thus serving to guide business men and investors in their transactions. The first function is performed more or less by all Money Articles, the second in varying degree, and it is here that the future development of the Money Article lies.

**MONEY AT CALL AND SHORT NOTICE.**—Bankers must always retain a certain amount of money on hand to meet the ordinary requirements of business, but in addition they keep balances at the Bank of England, or with their London agents, to such an extent as may be deemed necessary, and any surplus funds which they may have, and which they desire to keep in an available form, may be lent to bill brokers and stockbrokers against securities. Money lent in this way is repayable at "call" or at "short notice" and is therefore almost immediately obtainable in the event of any sudden demand being made upon the bankers.

The first line of defence of bankers is the cash on hand and then balances at the Bank of England or with their London agents, which is repayable on demand; the second line of defence is the "money at call and short notice."

**MONEY CHANGERS.**—People who deal in the moneys of different countries.

**MONEY, FUNCTIONS OF.**—The existing complicated industrial system is one in which each individual lives, for the most part, not on things in the production of which he himself bears a part, but on things obtained by a double exchange—a sale followed by a purchase. Means of effecting this exchange, vehicles for the transfer of the ownership of property, negligible in a rude age, are nowadays essential. The sum of these "instruments of circulation" or the currency bears the general name of money. This forms a counter-current, leading from the consumer by successive stages to the first producer, replacing the capital of all those who have assisted in placing the product within reach of the consumer. Besides, even before the whole operation is liquidated by the consumer, the merchant and the manufacturer enter into engagements on the strength of their expectations—operations of credit intervene, present wealth is obtained for future good. In our time the currency to effect the transfers of a final property or of rights consists of: (1) Com, metallic, moneys of which the weight and quality are guaranteed by Government; (2) the whole mass of titles of credit—bills, notes, cheques, and the like—sometimes called the "fiduciary circulation." In other words, part of "the currency" consists of tangible tokens, which are accepted without any reference to the reputation of the person tendering them; but the "trust" or "fiduciary" circulation is entirely a matter of confidence in the character and solvency of him who tenders the title, on the part of him who takes it in payment. Development of credit has, indeed, led trade—especially international trade—almost back to barter: goods are interchanged for goods with little intervention of com or bullion. But in modern barter there is a constant reference to gold; the bill or note may not explicitly be translated into a heap of yellow ingots, but there is always the feeling that at desire coms would be available for the effect. It must be added that some com holds an intermediate position between the money which in itself is a gage or pledge, and "trust" money. Such are the token coins of which the nominal value is guaranteed by Government, and which may be regarded as bank-notes of small denominations. Money may be defined by referring to its principal function as *whatever instrument, token, or expedient serves the most readily and economically to effect the transfer of property from one owner to another*. Thus, it will be observed, regards as "money" not that alone which like the gold sovereign has value in itself, but also that which is simply a symbol of value. Again, restricting ourselves to metallic money, we may say: *Money is that which passes from hand to hand throughout a community (i.e., is in demand not for any one purpose, but for general purposes), and is received in full payment for commodities or services without reference to the character of the person tendering it (i.e., its value is not dependent on our estimate of the reputation of the one who offers it), to be used for no other purpose than again to be tendered in return for goods or services (i.e., selling is only half of the exchange,*

*we dispose of our goods or services in order to be able to purchase).*

The inconvenience of barter is so great that, without some speedy means of exchange, division of employments could not have appeared. A man who had a surplus of his own produce to dispose of might readily find one who would be glad to take it. But if the latter had only his own products to give in exchange and the first was already well provided in that respect, no exchange could take place. As soon, therefore, as the advantages attendant on division of labour were apparent, every prudent man would strive to obtain some article which, though not fitted for his immediate purpose, was in great and general demand for which, therefore, he would be sure of finding a customer. Exchanging his own commodity for this *general* commodity, which is potentially anything else, he is now able to obtain from its holder the *special* commodity he requires. It is to the fact that money seems thus to be not some *one* thing, but things in general, that we must attribute the exaggerated importance at times attached to money. The holder appears to possess, not the *one* thing for which his money will ultimately be given, but *all* the things which it is at his option to purchase. Without some such medium of exchange the persons whose wants were reciprocal could seldom meet. The baker, in need of bread, might starve before he found the baker who required a new hat.

But, of course, a hat or a baker could never exist without the existence also of a medium of exchange. As the state of society becomes less rude, pure barter must have been speedily superseded by exchange through the *intercession of a third commodity*, which facilitated the distribution of produce according to the convenience of those among whom it was shared. Thus, render among the Laplanders, skins among hunting tribes, fish among fishing peoples, as the cod in Newfoundland, cattle among pastoral tribes, articles of ornament in general request, arms and tools, have been, and are yet in some cases, the general commodity adopted. In one very disastrous period of the history of New South Wales, the absence of coinage caused rum to be adopted as the intermediary of exchanges. It was in general request, it was easily divisible, and it did not deteriorate by keeping. Hence, it rapidly became the settling medium for which alone goods would be given or services rendered. But in a highly civilised state, the need for a rapid means of exchange is infinitely greater; money becomes not simply a convenient means of exchange, but is an actual necessity for production. A common medium is indispensable to perform the numberless acts of exchange by which a man translates his services into the commodities he requires. His income is the commodities he consumes; the counters he receives as wages are the apparently indispensable means of certifying his claim on the stock of things useful and agreeable, and of making the claim an effective one.

Closely connected with the primary office of a medium of exchange is that of a means for measuring value. In one sense, indeed, this is even more important than the first, for in barter transactions, the worker bartered would be mercilessly exploited. The introduction of a money measurement has been an advantage to morality as well as a convenience for trade: the greatest improvement in the position of the English peasant came from the introduction of a money economy, which

enabled him to compute what was required of him, and which substituted settled payments for arbitrary demands for labour or provisions. The spontaneous choice of, the tacit agreement on, some third commodity to facilitate exchange would, even in early times, be forthwith followed by the use of the selected commodity as a common measure of the worth of things to be exchanged—as a common denominator of values. The tailor with his coat would find it troublesome and tedious to calculate how much bread he should obtain for his article. And a fresh calculation would need to be entered on in reference to any other article he required. Between 100 different articles there are possible 4,950 exchanges. For each article may be exchanged against every other; the first may be exchanged in ninety-nine ways, the second in ninety-eight (omitting exchange with the first which we have already counted), the third in ninety-seven, and so on. The total number of exchanges would, therefore, be the sum of all the numbers from 99 to 1, or

$99 + 1 = 99 \times 99 = 4,950$  Obviously,

since each transaction would involve a fresh calculation, trade, as we understand it, would be out of the question. The difficulty disappears if a common object of comparison is adopted: each article in the exchange is estimated at so many sovereigns, so many cattle, skins, rifles, or whatever forms the medium of exchange in the community. Comparison between the two articles is henceforth easy, just as comparison between lengths is facilitated by the reckoning of the lengths as so many yards and feet. Instead of the 4,950 relations, we have 100 only to remember, and we may at once arrange the articles on a scale of values. A rough and ready means of estimating relative values may once have been quite sufficient. To say that the armour of Diomedes cost nine oxen, but that of Glaucus cost a hundred oxen, is already an advance. Exchange is no longer clogged and embarrassed as in a state of barter. But the diversity in value between different cattle, the great size of the units, and the fact that they could not be divided, as well as the speculative element which entered into them—the cattle might deteriorate in keeping, they might also be productive while kept: all these qualities would make such a unit inadmissible in times when calculation is carried to a nicety. We need a unit of measurement as definite as we may make it. And our sovereign is physically defined in all points. Every sovereign issued from the Mint must be of a definite weight and of a definite standard of purity, the Coinage Act says: "The sovereign is defined as consisting of 123.27447 grains of English standard gold, composed of eleven parts of fine gold and one part of alloy, chiefly copper." Only very slight deviations from the defined weight and chemical composition are permitted. Through the devices of coining by which the Government guarantees the metal to be of the required weight and fineness, the debtor and the creditors may dispense with the necessity of weighing and assaying the metal. We are perfectly certain for what we bargain when we contract for so many sovereigns. But a striking fact is apparent when we consult the legal definition of the sovereign. Nothing whatever is said about value, the property in objects which the sovereign is expected to measure. We know well that the weight and quality of commodities may alter without thereby altering the value,

and that weight and quality may remain unchanged while the value fluctuates. An exuberant harvest may reduce the price of a bushel of wheat by four, as dearth may raise it fourfold. If engagements were made in corn they would be a matter of chance. Is the case similar with regard to gold? This question, which is discussed in the article on STANDARD OF VALUE, leads to the third important function of money in modern times, that of forming a basis for commercial obligations. If money were simply a lubricant for the wheels of commerce, a definition of weight and quality would suffice, but what the commercial community is interested in is the value.

So long a time nowadays elapses between contracts and their fulfilment, between the incurring of obligations and the liquidating of them, that unless we mean to introduce needlessly the gambling element into our contracts, we must ensure, at any rate approximately, an unchanging standard of value. Increase in the value of gold, that is, a strengthening of its command over commodities in general, robs the debtor. It forces him to pay more than he bargained for—not more sovereigns, but more corn and cloth, more beef and beer. Decrease in the value of gold robs creditors of their full due; they obtain for the money when repaid less goods than they parted with. In order that there shall be certainty in the interpretation of contracts, the settling medium should be consistent in value. And when we give to gold the ambitious title of "standard of value" we mean to imply that gold is this desired commodity: we assert that its value is invariable, and that time is not an element to be considered in its value. Within certain limits this is true. To the many qualities which originally recommended gold as the money material—the *universal attraction exercised by it, its perfect divisibility, its portability, i.e., the great value contained in small bulk, its cognisability* (the ease with which it could be recognised because of its beauty, its colour, its specific weight, and its capacity to take the most delicate designs)—a more important quality unfolded itself by degrees, a quality without which it could be of little service to modern commerce and industry. This was the fact that it was less liable than any other commodity to experience fluctuations in value. It is not exempt from these fluctuations. The influx of gold into Europe from America after the discovery of the New World caused a great change in the permanent value, and its results form one of the most curious chapters of our history. And the increased output from the South African and other mines to-day is producing in the value a slow fall which is also likely to be permanent. The change from year to year, however, cannot but be very slight and almost imperceptible. For the metal is practically indestructible: it is to the very smallest degree affected by oxygen, and so endures throughout ages without sensibly diminishing in weight. The annual output compared with the whole quantity in existence is, therefore, rarely much more than sufficient to replace the yearly loss from abrasion, forgotten hoards, certain uses in industry, shipwrecks, and the like. Practically the whole of the anterior product is available, for, though fashioned into the most diverse forms, the gold is easily recoverable with the very smallest loss. Other products are consumed within brief periods, and the annual output is consequently a most important factor in their value.

With gold, however, variations in the annual production cannot so affect the supply as appreciably to affect the value. We may accordingly, with tolerable exactness, assert that gold fulfils the function of a standard of value, and is suitable, therefore, for deferred payments. Thus, our sovereign is an almost perfect *unit of value* both for present payments and for payments at a future date.

We must note here that *money of account* other than that which serves as a medium of exchange is at times made a basis of contracts. Thus for a long while, rents in England were calculated in wheat or in day's labour, though payments were made in coin. In the United States, too, injudicious attempts by the Government to make its subjects use silver caused many deferred contracts to be framed so as to be payable in gold. The use of two different kinds of money concurrently is most undesirable. The money which a man receives for his goods should be that which will settle his debts, and the money which a creditor receives should be available for the purchase of the commodities he needs. This is a derivative from the primary functions.

Because money is the standard of value both for present and future payments, and because of its stability of value it serves as an instrument for economising, *i.e.*, it forms a *store of value*, which may suffice for a time long after the amassing of the store. In theory it may be possible to conceive of capital without money. In actual practice, the invention of money has always preceded the growth of capital. The man who practised abstinence must have been able, before he could save, to transmute the rapidly deteriorating results of his labour as an agriculturist or of his skill as an artisan into something proof against the consuming action of time. The fruits of the earth decay in a little while; manufactured products do not long resist the ravages of time. The only use of great possessions in early days was the giving of lavish and wasteful hospitality; the rude orgies of our Saxon forefathers were as much the result of the lack of means to store up the results of labour, as of the greed and gluttony of the participants. So the discovery of a means of postponing enjoyment has led to the preservation and distribution of useful things.

As a *store of value*, metallic money was far more important in a rude state than in our modern highly civilised community, where obligations are met and claims honoured without the intervention of a pledge. The man who retired from business in former days realised his possessions into hard cash and placed the proceeds in a strong box, to which recourse was afterwards made at irregular intervals. Thus did Pope's father when he retired to Twickenham. The adding to riches now means the altering of figures in a banker's book; and the retiring business man invests his funds in Consols or other respectable securities, and subsists henceforth on dividend warrants, which he receives at regular intervals.

The increased importance of the function of money as a *standard of value* has already been alluded to. The complexity of modern markets, the difficulty of foreseeing the courses of prices, of demand, of substitution and the rest, makes the task of the merchant difficult enough. It would be intolerable if he had also to take count of the possible fluctuations in the settling medium.

As a vehicle for the transfer of property the use of metallic money is in all large transactions usurped

by "representative money." It would be physically impossible to carry on a day's business at the Bankers' Clearing House if sovereigns passed at each transaction. Of course, gold forms the basis for the credit paper: the creditor accepts the paper because he has no doubt about the possibility of its immediate conversion into cash. The fiduciary circulation is discussed in other articles; here we content ourselves by pointing out that we have become so used to the use of paper that we spontaneously identify the property with its title. Rights to property of all land are transferred by the simple handing over of a paper. We may send abroad in a letter the factories, railways, and canals of England; we may bring to England those which are abroad. The thing itself remains stationary; its image moves incessantly from one place to another, and he who has the image possesses the thing. So by construction of works at home, docks, ware-houses, mine, we increase our means of exporting just as surely as if we made more cottons or more hardware.

To sum up the functions of money: (1) It is the medium of exchange; (2) it serves as the measure of value; (3) it forms a basis of contracts for long term; (4) it is a means of capitalisation; (5) it is an instrument which transfers property from hand to hand and from place to place.

**MONEY HAD AND RECEIVED.** This is a form of action at law in which a plaintiff claims from a defendant certain moneys which are alleged to have been received by the defendant on behalf of and for the benefit of the plaintiff, which moneys the defendant has failed to pay over to the plaintiff. In a certain sense it corresponds to the action of detinue (*q.v.*), but whereas in the latter case the actual thing detained is sought to be recovered, in the former it is not any actual coin but a certain sum of money which is demanded as having been wrongfully withheld.

**MONEYLENDERS.**—Until the Moneylenders Act of 1900 was passed, there had been for more than forty years no statutory restrictions on money-lending, the old usury laws having been repealed by the Statute 17 and 18 Vict. c. 90, but courts of equity had always given relief to a borrower in cases where the transaction was harsh and unconscionable, *e.g.*, in bargains with exorbitant liens and so-called "catching-bargains." The Act of 1900 is not of universal application—it applies only to the transactions of a moneylender as defined by the Act, *i.e.*, of a person whose business is that of money-lending or who advertises or announces or holds himself out in any way as carrying on that business. It does not apply to a casual loan made by a friend to help another, unless it can be shown that the lender lends money as a business. A man may have several businesses, and carry them all on at the same time, and in order that a man may be a money-lender as defined by the Act, it is not necessary that money-lending should be his sole or principal business. If a clerk in a large bank were to make a practice of lending money to his fellow-clerks at a remunerative interest, he would be a moneylender within the Act, but (a) a sawbroker in respect of business carried on by him in accordance with the provisions of the Pawnbrokers Acts; (b) a registered society within the meaning of the Friendly Societies Act, 1896; or a society registered under the Building Societies Acts, 1874 to 1894; (c) a body corporate empowered to lend money by a special Act of Parliament; (d) a person *bona fide* carrying on the



business of banking or insurance, or *bond fide* carrying on any business not having for its primary object the lending of money in the course of which and for the purposes whereof he lends money; and (e) a body corporate for the time being exempted from registration under the Moneylenders' Act by order of the Board of Trade—all these are expressly excepted from the provisions of the Act; in other words, they are not moneylenders as defined by the Act.

Every moneylender as defined by the Act must register himself as a moneylender under his own or usual trade name, and in no other name, and with the address, or all the addresses, if more than one, at which he carries on his business of moneylender, and must carry on his moneylending business in his registered name, and in no other name, and under no other description, and at his registered address or addresses, and at no other address, and must not enter into any agreement in the course of his business as a moneylender with respect to the advance and repayment of money, or take any security for money in the course of his business as a moneylender, otherwise than in his registered name. He must also, upon reasonable request, and on tender of a reasonable sum for expenses, furnish the borrower with a copy of any document relating to the loan or any security therefor.

If a person is a moneylender within the meaning of the Act and is not registered, he cannot recover from the borrower any sums that may be due to him in respect of the loan. The same result follows if the moneylender is registered, but can be shown to be carrying on his business, also in some unregistered name or description, or at some unregistered address, or to have entered into any agreement with regard to the advance and repayment of money, or to have taken any security for money in the course of his business as a moneylender otherwise than in his registered name, or to have refused to furnish the borrower, after he has tendered a reasonable sum for expenses, with a copy of any document relating to the loan or any security therefor.

A moneylender must be registered in his own or usual trade name. No question can arise as to the meaning of registering in a man's own name, but some doubts may reasonably be held as to the meaning of registering in a man's "usual trade name." Is a name that a man adopts, and intends to use exclusively for the purpose of his moneylending business a usual trade name if he has not used it before November 1st, 1900, the date when the Moneylenders' Act came into force? Was John Jones who had never before, say, January, 1902, been known as William Smith, at liberty to register himself as a moneylender in January, 1902, under the name of William Smith? For many years the opinion was held and acted upon that this was allowable under the Act; and that if a man traded exclusively under the name of William Smith, and was known to all his customers and clients by the name of William Smith, William Smith could properly be considered as his "usual trade name." But this opinion can no longer be supported, and a recent case in the House of Lords has decided that a man can only register as his usual trade name a name under which he has traded and been usually known to trade before the date of his application for registration. But it also decided that where the Commissioners of Inland Revenue had improperly accepted and registered as a usual trade name a

name which the applicant had never used before, but intended to use exclusively in future for that particular business, the moneylender was not precluded from suing for and recovering in a court of law the money due to him from the borrower. If a man who has a registered name enters into any contract or transacts any of his moneylending business in any other name than his registered name, the transaction is void, and the lender cannot recover any of the money due to him, but if his name is on the register of moneylenders, his contracts in that name, so long as that name remains on the register are valid, notwithstanding that the name may have been put wrongly upon the register.

What is the meaning of the provision that a moneylender must carry on his moneylending business at his registered address or addresses, and at no other address? It is obvious that a great many of the negotiations and searches and enquiries which precede or form part of the moneylending transaction cannot take place at the registered address. When money is advanced, the borrower giving a bill of sale on his furniture by way of security for the loan, the inventory and valuation of the furniture will probably be made at the borrower's house, and some bargaining as to the amount to be advanced may also take place there. Also the moneylender in the ordinary course of his business may send out circulars announcing his readiness to make loans, and offering to call on the intending borrower, if the borrower cannot make it convenient to come to the moneylender's office. He may also at times actually advance the money at the borrower's address, and before advancing it make him execute the bill of sale at this address, or sign the promissory note or bill of exchange or other material document. Is it correct to say that by doing any or all of these things the moneylender is carrying on business at an address other than his registered address? Different views were held on this point, and some of the earlier decisions are difficult to reconcile with one another. But the true principle is now laid down by the House of Lords in *Kirkwood v. Gadd*, 1 R. 1910, App. Cases, 422: If a moneylender really deals with a borrower at his registered address, whether by interview, or by correspondence, he may transact negotiations or conclude the actual contract elsewhere. If, however, a single transaction goes through without the borrower being brought into communication with the registered address of the moneylender until after the transaction is completed, that will probably amount to carrying on business elsewhere than at the registered address. A doctor who has a professional address, but is out nearly all day visiting his patients or attending hospitals, carries on his profession at his professional residence. A barrister who is in court every day during all the time the court is sitting carries on his business or profession not in the court where he practises, but in his chambers where his clerk accepts briefs and makes appointments, and where the barrister can always receive communications. Similarly, a jeweller who delivers and receives payment for goods at a customer's house does not carry on business at the customer's house, but at his own shop. So in the case of a moneylender, the carrying on of his business is something quite different from the carrying out of the transactions which make up the business. The carrying on of the business must be at the registered address; the carrying out of the transactions may be wherever convenient.

A moneylender cannot carry on business at one address under his own or usual trade name, and at another address as a partner of a firm registered under a different name.

Besides the penalty of being unable to enforce payment of money due to him, if he infringes the rules as to registration and carrying on his business as laid down in the Act, a moneylender is also liable to fine and imprisonment. If he fails to register himself as required by the Act, or if he carries on business otherwise than in his registered name, or in more than one name, or elsewhere than at his registered address, or if he refuses to supply the borrower on demand, and on tender of a reasonable sum for expenses, with a copy of any document relating to the loan, he is liable, on conviction, for a first offence, to a fine not exceeding £100, and in the case of a second or subsequent conviction to three months' imprisonment with or without hard labour, or to a fine of £100 or both, and the fine may be increased to £500 on a second or subsequent conviction, if the offender be a body corporate.

It may happen that a man who occasionally lends money may have the *bona fide* belief that he is not concerned in or carrying on any business of money-lending, and that, consequently, he is not a moneylender within the meaning of the Act, and, therefore, not liable to place himself on the register as a moneylender. If the facts of the case show that he is a moneylender within the Act, he cannot recover money due to him in respect of the loans, but he is not liable to be prosecuted criminally for this offence, except with the consent of the Attorney-General or Solicitor-General. No such consent is required for criminal proceedings against a registered moneylender for carrying on business otherwise than in his registered name or at any place other than his registered address or addresses, or for entering into any agreement with respect to the advance or repayment of money, or taking security for money otherwise than in his registered name. A man who registers himself as a moneylender is presumed to make himself acquainted with all of the very few regulations imposed by statute on the moneylender, and any breach of those regulations exposes him at once to a prosecution. But the same principle does not apply where a reasonable doubt exists as to whether a man is or is not carrying on what the law describes as the business of a moneylender, and it is a just provision in the Act that in a case of this kind, before criminal proceedings may be instituted, the whole of the circumstances of the case have to be considered by an impartial official, who will not allow the criminal law to be abused, and will only authorise criminal process to issue when it is justified by the facts of the particular case.

The registration of a moneylender has effect for three years and no more; it can be renewed from time to time, and the registration has effect for not more than three years from the date of the last renewal.

It is a criminal offence punishable by a fine not exceeding £100, and by imprisonment, with or without hard labour, for a term not exceeding three months, for a man to send to an infant or circular inviting or inducing him to borrow money, and the sender is deemed to know that the addressee is an infant, unless he proves he had reasonable ground for believing him to be of full age.

If a moneylender or his agent by means of any false or misleading statement, or by any dishonest concealment of material facts, fraudulently induces

or attempts to induce any person to borrow money, or agree to terms on which money is to be borrowed, he is liable to imprisonment, with or without hard labour, for a term not exceeding two years and to a fine not exceeding £500.

Where proceedings are taken by a moneylender in any court to recover money lent, or to enforce any agreement or security, and the court is satisfied that the interest charged is excessive, or that the amounts charged for expenses, enquiries, fines, bonus, premiums, renewals, or any other charges are excessive, and that the transaction is harsh and unconscionable, or is otherwise such that a court of equity would give relief, the court may re-open the transaction, and take an account between the moneylender and the defendant, and re-open any account between them, and relieve the defendant from payment of any sum in excess of the sum adjudged by the court to be fairly due in respect of such principal interest and charges as the court having regard to the risk and all the circumstances, may adjudge to be reasonable, and if any such excess has been paid or allowed in account by the debtor, the court may order the creditor to repay it, and may set aside, either wholly or in part, or alter any security given or agreement made in respect of the money lent, and if the moneylender has parted with the agreement, may order him to indemnify the borrower or other person sued. But in order to obtain this relief, a borrower is not obliged to wait until the moneylender brings an action against him. The borrower, or surety, or other person liable, can apply to any court in which the moneylender could have taken proceedings to recover the money he lent, and the court may, on the application of the borrower, surety, or other person liable, exercise all the powers given to it when the moneylender takes proceedings, although the time for the repayment of the loan or an instalment thereof may not have arrived.

There can be little doubt that the Moneylenders Act, 1900, has had a very beneficial effect, but in the course of the years it has been in operation it has been found necessary to amend it in two points. By Section 2 of the Act of 1900, any agreement entered into by a moneylender, or any security for money taken by him in the course of his business as a moneylender, if entered into or taken otherwise than in his registered name, is void. If a moneylender takes any security for money in the course of his business as a moneylender otherwise than in his registered name, he commits a criminal offence, and the security in his hands is absolutely void. Not only is it void in the hands of the moneylender, but until the law was altered by the Moneylenders Act, 1911 (passed 16th Dec., 1911), the security was void also in the hands of a *bona fide* assignee or holder for value without notice of any person deriving title under him. It was felt that this condition of the law might easily give rise to hardship and injustice, and accordingly it is provided by the Moneylenders Act, 1911, that any agreement with or security taken by a moneylender shall be, and shall be deemed always to have been, valid in favour of any *bona fide* assignee or holder for value without notice of any defect due to the operation of Section 2 of the Moneylenders Act, 1900, and any payment or transfer of money or property made *bona fide* by any person, whether acting in a fiduciary capacity or otherwise, on the faith of the validity of any such agreement or security, without notice of any such defect shall

in favour of that person, be and be deemed always to have been, as valid as it would have been if the agreement or contract had been valid. But this provision does not confer any benefit on the money-lender. If he takes securities while carrying on business otherwise than in his registered name, and transfers them to a *bond fide* holder for value without notice, the moneylender is to be in the same position as, or possibly in a worse position than, if the securities had never passed through his hands, for he is liable to indemnify the borrower or any other person who is prejudiced by virtue of this new provision, and further if the assignee or holder for value is himself a moneylender, the agreement or security remains void as it was before the Act of 1911.

The other alteration in the law effected by the Act of 1911 is that no money lender may be registered under any name including the word "bank," or under any name implying that he carries on banking business. All such names are on the register must be removed if once, and any moneylender who issues any circular, notice, advertisement, or letter of any kind containing expressions which might reasonably be held to imply that he carries on banking business, is liable on summary conviction to the same penalties as if he had carried on business otherwise than in his registered name.

**MONEY MARKET AND TRADE.**—A market is a place where prices are settled by competition. Sellers strive to get rid of their goods, and buyers strive to obtain them, the efforts being limited on the one side by the wish to give as little as possible, on the other by the wish to obtain as much as possible. In a perfectly organised market there are so many buyers and sellers, all so keenly on the alert to promote their own interests, and all possessed of adequate knowledge of the conditions of the market, that the price of the same commodity is uniform throughout the market. Such a market for very bulky or very perishable goods will be a very restricted area, for others it may extend to the whole commercial world.

Of the latter class, the most important is money—"bankers' " money, whatever instrument, token or expedient serves to transmit goods from one holder to another. The "price of money" does not differ materially from place to place, though it may fluctuate rapidly from time to time, but in this connection two ambiguities need to be made clear. First, by money in the money market sense is meant not coin, but credit. "Money" usually means credit with a bank, the privilege of drawing cheques accorded by the bank manager to a customer. The commodity of the money market is an immaterial one, produced by thought and liable to be annihilated by thought. The buyers in the market are those who wish to have control of capital for a period; they wish to obtain "credit." The sellers are those who by the arrangements of society have control over capital, and who are willing to transfer their privilege at a price, and the price is a definite rate of interest. For the second ambiguity is that which lurks in the word "price." When we speak of the price of an article we mean the value of the article in relation to gold, when we say that "wheat rose to £2 a quarter," we state that gold of two sovereigns' weight exchanged for wheat of a quarter's weight. At the time we were speaking of, the gold in two sovereigns was equal in estimation to the quarter of wheat. The "Mint Price of Gold," too, is a perfectly definite term, it expresses simply

the fact that, by statute law, an ounce of standard gold is converted at the Mint into 31½ sovereigns. The "price of money" in the money market is, however, something different. It expresses the greater or less difference between an amount of money down and an amount to be given as an equivalent some time hence. It is the greater or less payment which must be made for credit facilities, and when we speak of the value of money in this sense—when we say, for instance, that money is cheap—we are using value in quite other than the ordinary sense. The value of money properly means the purchasing power of money, the value of money in the money market sense expresses the greater or less reluctance with which those who have control of capital transfer their power of control.

Now, a metaphor more correct than is usual with such comparisons describes money as a lubricant for the wheels of trade. In the present system of industrial life, in which all employments are minutely sub-divided, and all concerned in production depend for their remuneration on the price of their commodity, it is of the utmost importance that the commodity should speedily reach one who will make a return for it in other commodities or services. A man who makes the eighteenth part of a pin cannot live on the product of his labour until exchange has taken place, and a man who in a year makes the thousandth part of a great ship cannot wait till his commodity is exchanged for others. Money, by facilitating exchanges, enables the sub-division of employments to be carried out; and credit, by furnishing advances, enables works that demand long periods for their accomplishment to be performed. The time which in these days elapses between the commencement and conclusion of works makes it imperative that means should be found of rewarding present exertions destined to benefit people only after an interval. Without our banking organisation with the discount facilities afforded by it, the few who have sufficient capital to undertake lengthy contracts would be enabled to charge exorbitant sums for their services. The money market prevents the large capitalist from enjoying a monopoly.

Unless means are forthcoming of getting commodities into the hands of those who need them, there will be a stagnation of affairs. There will be what is called a general glut, an "over supply"—not, indeed, more than would be consumed, but more than in the state of the money market can get into the hands of consumers.

It should be described as an under supply of money rather than an over-supply of commodities. For commodities provide a market for commodities. The cottons of Manchester are, through the channels of many intermediaries, exchanged for the tea of India, the silk of China, or the rubber of Africa. "There is a partnership in industries. No single large industry can be depressed without injury to other industries; still less can any great group of industries. Each industry, when prosperous, buys and consumes the produce probably of most other industries. Under a system in which every one is dependent on the labour of every one else, the loss of one spreads and multiplies through all, and spreads and multiplies the faster the higher the previous perfection of the system of divided labour, and the more nice and effectual the mode of interchange." The means which a person possesses of paying for the productions of other people consists

of the goods he himself possesses. If we could suddenly double the productive powers of the country, we should double the supply of commodities in every market. We should, however, by the same stroke, double the purchasing power. Everybody would bring a double demand with his double supply. So long as there are backs to clothe and stomachs to feed, there cannot be "over-supply" in any real sense, but it through a deficiency of money—it may be through the sudden annihilation of a great mass of credit—commodities cannot meet commodities, then we have an extreme depression of prices and a glut of commodities. Manufacturers are left with stocks on their hands, merchants cannot obtain the goods they need, and they are unwilling to grant credit to retailers. The manufacturer works short time, business is stagnant with the warehouseman, and the consumers have less money to lay out with the retailer. The vast advantages of a credit economy are accompanied at times by the drawback of sudden stringency in money, leading in extreme cases to a commercial crisis. Not the supply of goods, but of means of exchange, is defective—and this is the cause of the phenomenon that Carlyle noted as amazing: "The blind Plugson, he was a captain of Industry, born member of the Ultimate genuine Aristocracy of this Universe, could he have known it! These thousand men that span and toiled round him, they were a regiment whom he had enlisted, man by man, to make war on a very genuine enemy. Barrenness of back, and disobedient Cotton fibre, which will not, unless forced to it, consent to cover bare backs. Here is a most genuine enemy, over whom all creatures will wish him victory. He enlisted his thousand men," said to them, 'Come, brothers, let us have a dash at Cottop.' They follow with cheerful shout, they gain such a victory over Cotton as the earth has to admire and clap hands at, 'bug, alas!' Why, Plugson, even thy own host is all in mutiny: Cotton is conquered, but the bare backs are worse covered than ever!" In order that capital and labour should be fully employed, that the captain of industry should have fair profits and the worker good wages so as to buy the cottons, these conditions are necessary—

1. There must be little difficulty for men of enterprise and energy to obtain the control of capital.

2. There must be a speedy passage of goods from the producer to the consumer.

These two conditions are realised when credit is good; when men are able to get on easy terms the advances they require, and when a sanguine spirit among dealers leads to mutual concessions whereby the time taken by the commodity to reach its consumer is shortened. For coin, even gold, is too bulky an article to perform the multitude of exchanges which are necessitated in our complicated system. An instrument of greater dexterity is needed, and this is afforded by credit instruments—by banker's money—which is usually a result of the discounting of a bill. "Provided that banking credit is based on a sound foundation, a lowering of the discount rate increases the facilities for getting goods from the producer to the consumer. Industry within the country is prosperous."

Goods wanting to be sold are sold as soon as ready, and every man who wants work finds remunerative employment. The greater part of wealth production depends upon exchanges. Unless we had exchange we should have no division of labour except in the most primitive manner, and

if we had no division of labour there would be no machinery and no large scale production. A nation without a means of exchange is altogether barbarous; the adoption of a universally acceptable commodity is the sign and cause of its beginning to be civilised, credit facilities bring to their fullest development the productive capacity of the people. The whole industrial progress of our country is intimately bound up with the gradual supersession of a truck system by a money system—a change from statute to contract—and the money system again by a system founded on credit.

The extension of credit to international relations calls into greater activity the productive powers of the world. The loan policy of Australia, for instance, has been described as a taking of foreign capitalists into partnership in Australian development. The resources not only of our Colonies, but of all commercial countries, have been developed with the help of British capital and credit, and, though afterwards in what might appear a churlish spirit they strive to glut our products by tariff barriers, the increased trade and increased output of wealth is of the greatest benefit to us as well as to them. We lay the whole world under contribution by our invincible exports, our credit advances, the earnings of our ships, the commissions of our bankers and brokers, and all the other services performed by a community which provides a clearing house for the world. Against these exports comes into the country the excess of imports which to superficial observers is so troubling.

By the instrumentality of the Money Market, the productive funds of a country are called into a more complete state of productive activity. The man of industrial talent or organising ability is able to obtain control of the funds he needs to make his capacity effective. No undertaking likely to pay, and seen to be likely, can perish for want of money. The man who has saved, but who from disinclination or lack of skill and knowledge cannot personally superintend the employment of his accumulated funds, is able to draw an assured income. He is relieved from the necessity of keeping his funds idle or from wasting them in haphazard attempts at making a profit from them. Another, guaranteeing to him a fixed return, employs the funds in production. It is the business of bankers and brokers to know whom they may trust. They must have an intimate knowledge of the standing of parties; they must have a certainty that those to whom they commit funds are such as will neither dishonestly appropriate nor dishonestly risk what belongs to another. They must personally and incessantly watch the changes which impair the position of one applicant and which justify their advancing more to another. So long as the credit system is worked by intelligent men on sound principles it renders to the community a boon which makes all the difference between brisk trade and great prosperity and stagnant trade with great adversity. Says Bagehot in *Lombard Street*: "There is no idle labour and no sluggish capital in the whole community, and, in consequence, all which can be produced is produced, the effectiveness of human industry is augmented, and both kinds of producers, both capitalists and labourers, are much richer than usual, because the amount to be divided between them is so much greater than usual." On our Money Market, the outcome of an unperceivable trust between man and man, is the greatest economical power the world has ever seen.

A further consequence of the organisation of the Money Market is that injudicious and ruinous speculation has been to a great extent prevented. A disastrous crisis such as that of 1866 or 1825 is a thing of the past. There may be the milder madness of over-trading, but the delirium of the old bubble companies is absent, for the main cause of the recurrent periods of absurd and reckless investment was the fact that the money of saving persons used to be lying idle. Lord Macaulay, in his history, tells us: "During the interval between the Restoration and the Revolution the riches of the nation had been rapidly increasing. Thousands of busy men found every Christmas that, after the expenses of the year's housekeeping had been defrayed out of the year's income, a surplus remained, and how that surplus was to be employed was a question of some difficulty. In our time, to invest such a surplus, at something more than 3 per cent. on the best security that has ever been known in the world, is the work of a few minutes; but in the seventeenth century, a lawyer, a physician, a retired merchant, who had saved some thousands, and who wished to place them safely and profitably, was often greatly embarrassed." So men were at times ready to invest in any wild scheme, even "For an Undertaking which shall in due time be revealed." Each subscriber was to pay down two guineas, and hereafter to receive a share of one hundred, with a disclosure of the object, and so tempting was the offer, that 1,000 of these subscriptions were paid the same morning, with which the projector went off in the afternoon.

Another advantage of an advantage our traders do not enjoy so much as those of other nations, but which is in some ways as important as that conferred by the chance of getting cheap money, is the fact that discount facilities can be relied on at moderate and not wildly fluctuating rates. London has long been the clearing house of the world, and though New York now plays a much more important part than formerly in cosmopolitan finance, its position as such does not seem to be seriously threatened.

Traders have legitimate cause for complaint when the fluctuations which unsettle their calculations and render it difficult for them to obtain the advance on which they counted, occur for the sake of their foreign competitors. An increased gold reserve would make for stability as well as for security, and from more than one quarter it has been asserted that our ultimate gold reserve, our single store at the Bank of England, is quite inadequate in face of the liabilities that have been incurred. In fact, there is not nearly sufficient gold in the country to meet the demands that might be made during a panic. The Money Market is a potent instrument, but is one of most extraordinary fragility. In one way or another, such a reserve should be formed that ordinary variations in demand have no great effect on the rate at which advances are made on mercantile paper. The whole financial fabric of this country rests upon the stock of gold stored in the vaults of the Bank of England. When the Great War broke out the banks had to close their doors for a day or two, postal orders were decreed to be legal currency, and Government paper money, in the shape of Treasury notes of £1 and 10s., were hurriedly printed. Gold exports were forbidden and, as was inevitable, London, for the time being, ceased

to be the free money market of the world in which gold could always be obtained.

Particular aspects of the Money Market and Trade are dealt with in the articles (1) **MONEY PANICS** (due to an abnormal lack of credit following its unusual extensions), (2) **CREDIT** (in general), (3) **BANK NOTES, BILLS OF EXCHANGE**, and **CHEQUES** (the currency of the Money Market).

**MONEY ORDERS.**—These are orders for the payment of money through the medium of the post office, *i.e.*, money may be paid in at one post office, an order obtained and transmitted to another person, and thus other person can demand payment at some other stated post office. A money order may be issued for any amount between 1d. and £40, provided the amount does not contain a fractional part of one penny.

The rate of commission or poundage on ordinary inland money orders is as follows:—

|   |     |
|---|-----|
| For sums not exceeding £3                 | 4d  |
| For sums above £3, and not exceeding £10  | 6d  |
| For sums above £10, and not exceeding £20 | 8d  |
| For sums above £20, and not exceeding £30 | 10d |
| For sums above £30, and not exceeding £40 | 1s  |

When a person wishing to remit money applies for a money order, he should use the printed form supplied gratuitously at all money order offices. On this form must be stated the name and address of both the remitter and the person to whom the money is to be paid. The place of payment must also be indicated. An order may be crossed like a cheque (see **CROSSED CHEQUE**) and then payment of the order will only be made through a bank. Either the officials at the post office or the remitter himself may cross the cheque, *i.e.*, back it.

When the order is issued, it is handed to the remitter, who forwards it to the payee, and the issuing office sends a letter of advice to the post office at which payment is to be made. Unless the order is presented through a bank, the person presenting it for payment must give the name of the remitter for comparison with the letter of advice.

When a money order is presented for payment, otherwise than through a bank, and is properly receipted, and the name of the remitter, as furnished by the applicant for payment, is in agreement with the letter of advice, it will be paid unless the postmaster has good reason to believe that the person applying is neither the payee nor his agent. In such a case no payment will be made until full inquiries have been made and matters of doubt set right.

If when an order has been issued the remitter desires to stop payment, he may do so, in the case of an order payable in the United Kingdom, by sending a notice, accompanied by a fee of fourpence in postage stamps, to the office at which the order is payable. Also payment may be deferred for any period not exceeding ten days, if the proper notice is given at the post office issuing the order. In the case of either a stopped or a deferred payment, the amount of the money order may be paid back to the remitter, and the Postmaster-General incurs no liability at all to the payee of the order.

There are special forms and certain payments

required whenever there are alterations in the names either of the remitter or of the payee, or where it is desired to change the place of payment. Particulars of these matters are obtainable at the issuing post office.

If a money order is lost, a duplicate will be issued in place of the lost order, on proper application being made and an extra commission of sixpence being paid.

At the end of twelve months from the month in which it was issued, a money order, if still unpaid, becomes legally void. But if a good reason can be given for the delay in presenting it, an application for a new order, subject to a deduction of sixpence, will always be entertained.

The Postmaster General, when once a money order has been paid, no matter by whom presented, is in no way liable for any further claim, nor is he liable to pay compensation for loss or injury arising out of delay in payment of a money order, or out of any other irregularity in connection with an order.

Money can be transmitted by telegraph money orders from any money order office in the United Kingdom, which is also a despatching office for telegrams, and may be made payable at any money order office which is also an office for the delivery of telegrams. At those offices which forward but do not deliver telegrams, telegraph money orders can be issued but cannot be paid.

No single telegraph money order can be issued for a greater amount than £40. The charges are as follows:

(a) A money order payable at the ordinary rate.

(b) A charge for the official telegram of advice at the ordinary rate for inland telegrams, the minimum being 1s.

(c) A supplementary fee of 2d. for each order.

When a telegraph money order is sent, the sender, on filling up the form of requisition, must state clearly whether the order is to be called for at the post office, or delivered at the payee's address.

The regulations contained in the *Post Office Guide* then go on to give directions as follows:

"(1) If the order is to be kept at the paying office and called for, *he (i.e., the sender)* should write the name of the paying office in the space provided, and give the payee's address as 'Post office.' He should inform the payee of the despatch of the order and of the name of the post office at which he must apply for it, unless this is already known to the payee.

"(2) If the order is to be delivered at the payee's address, the sender must furnish on the form of requisition a sufficient address. The order will be payable at the office from which it is delivered.

"(3) The person applying for payment must in all cases furnish the name of the sender, and if the order is addressed 'to be called for' at the post office, he must also produce evidence of his identity. If the sender wishes his name (or name and address) to be delivered to the payee with the order, the words must be paid for as a private message to be added to the official telegram of advice.

"(4) A registered abbreviated address cannot be accepted in place of the name of the payee, but it may be used as an address only, if prefixed by the symbol 'c/o.' Thus, an order cannot be made payable to 'Ajax, London,' but it may be drawn in favour of 'John Wilson, c/o Ajax, London.' The use of abbreviated addresses may, however, in some cases, give rise to delay in payment.

"(5) The provision as to deferring payment of ordinary orders does not apply to telegraph money orders."

The sender may give directions for the order to be crossed for payment through a bank, in which case he must pay for the insertion of the word "crossed" in the telegram of advice.

The sender of a telegraph money order is allowed on paying for the additional words required, to have a short private communication for the payee, not exceeding twelve words, added to the official telegram of advice. The communication must be in plain words, and must be written by the sender in the space provided for the purpose in the requisition form. If desired, the private message may include the sender's own name (or name and address), which information is not in ordinary course communicated to the payee.

Except in cases in which telegraph money orders are delivered at the payee's address, any person expecting such a remittance must furnish satisfactory evidence that he himself is the person entitled to receive the money. He, or someone on his behalf, must attend at the office to obtain payment. Whenever doubt is entertained by a postmaster as to the authority, express or implied, of a person to receive payment on behalf of the payee, he may require such person to produce an authority in writing from the payee for the payment of the money.

In the case of all money orders, whether telegraph or other, payable at one of the smaller post offices, there may be some delay in effecting payment, if sufficient funds are not in hand, or if the office on which the order is drawn is closed for a weekly half-holiday. The Postmaster General is not responsible for any delay so occasioned.

Foreign and Colonial money orders are now issued to almost every foreign country, or any of our dominions or colonies. In all cases special requisition forms have to be filled up, and these can be obtained gratuitously at all money order offices.

Money orders are restricted to a maximum of £10, £20 or £30 in certain countries, particulars of which are to be found in the *Post Office Guide*.

By arrangement with their respective governments, telegraph money orders may be sent to many foreign countries, the names of which may be seen at the issuing office.

The charges made are as follows:

(1) The money order commission at the ordinary rate for foreign money orders.

(2) A charge for the telegram of advice at the ordinary rate for telegrams addressed to the country of payment.

(3) A supplementary fee of sixpence for each order.

As changes are being frequently made in postal regulations, inquiries should always be made at the post office when money is required to be sent abroad, or the latest copy of the *Post Office Guide* should be consulted. (See 136, *RAIL ORDERS*.)

**MONEY, QUANTITY THEORY OF.** The most striking example of the dependence of value on Demand and Supply, is afforded by the value of gold, the international currency with which alone we need concern ourselves. By the value of gold, however, we are to understand here the ordinary use of the term, the relative amounts of corn and wine, of boots and clothes, for which a given quantity of gold can be exchanged. If we may sell an ounce of gold for a large quantity of the

commodities in the market, the value of gold is high, if the ounce of gold commands only a small quantity, the value of gold is low. The term "value of money" is used also to express the quantity of money which is paid for the loan of money. But this, which is properly called the interest on money, has no intimate connection with value in its proper sense; it has no reference to the purchasing power of money.

Now, though it is undeniable that in the long run the cost of production must regulate the value of gold as of all other commodities, yet for long periods together the value is dependent solely on the quantity demanded for monetary purposes, and the quantity in the market. And the quantity in the market, the supply, consists not alone of the present year's output, but that of times long anterior. The exceeding durability of gold makes the annual increment so small a fraction of the total amount that the value may persist above or below that dictated by cost of production. The latter, indeed, acts as a limit to the possible rise or fall. If the ounce of gold continues to exchange for more goods than would pay for the expense of extracting it from the refractory substances with which it is bound, capital and labour will be diverted to the profitable channel of gold mining. If the ounce of gold were valued at less than what the labour and capital needed to produce it could produce if occupied in other industries, the gold production would be slackened and the less profitable mines would be deserted. In the first case the increased output would not be carried off unless at a lower valuation; an ounce would be of less value to the man who needed consumable commodities; in the second case, the diminished output would gradually, though slowly, cause the value to rise: an ounce would exchange for more goods than before. But the influence of cost of production is remote: that of supply and demand is immediate. Though gold is, of course, susceptible of increase of supply, it must be regarded as temporarily fixed in quantity.

In discussing demand and supply, we referred to the fact that the varying supplies of some articles made but slight differences in the prices; a greatly increased supply needed only a very slight decrease in price to stimulate a demand sufficient to carry off the increase. Or, in other words, demand is more sensitive to fluctuation of price in the case of these articles than it is, for example, with bread. Articles for which the demand varies greatly in response to variations in price we said had an elastic demand. A rise in price of one-half might make the demand ten times less, as a fall in price of one-half might make demand ten times more. For most articles it is, however, impossible to predict how demand will vary under perturbations of price, or what reduction in price will be needed to carry off an additional supply: the successful prophet is endowed more with empirical skill than with sound reason. But with money there is a perfectly definite relation between the supply and the price needed to call forth a demand equal to the supply, the price here being the goods offered for gold. The supply in the case of money consists of all the money in circulation, all the money that people are wanting to lay out, all, that is, except what is hoarded as a reserve for future contingencies. The demand for money is all the goods in the market. Now, since money is an article which satisfies not one purpose but which is applicable to

an infinite number of purposes, the desire for it we may, therefore, regard as insatiable. The demand for money is all the goods in the market; and the value of the supply is that of all the goods. If the supply of money is doubled, the price must be halved to call forth a sufficient demand. That is, an ounce of gold is offered for half the goods; prices in general rise, not by any indefinite amount, but are exactly doubled, if the supply is halved it needs double the price to limit the demand to the diminished supply, prices averaged over the whole market are halved. That is what we mean when we speak of the elasticity of money as being unity: an increase of 1 per cent in the supply means a decrease of 1 per cent in the value of a unit of the supply, or, in other words, the amount of goods, which will be given for the unit is lessened by 1 per cent. The value of gold varies inversely in exactly the same proportion as the supply.

To put the case concretely. The more sovereigns there are, the less one sovereign will purchase; and the reduction in the purchasing power of the sovereign is exactly proportionate to the increase in the number; if we want to go where high prices prevail we go to places where gold is plentiful, as on the goldfields. To illustrate this fundamental proposition in the theory of currency, we may suppose that every person on waking up some morning finds that for every gold or silver or copper coin he had overnight, he now has two. The increase in coinage would have no other effect than that of at once doubling prices, no single person would be better off than before. He would have merely double the number of counters in which to estimate his wealth. The gold would be depreciated, its value as expressed in goods would have decreased. The value of the sovereign would have fallen, not from loss of weight or lowering of quality, but from excess of supply. A movement in the opposite direction is described as an appreciation of gold, an increase in its value as assessed in commodities. The single exception to this would lie in the fact that articles made of gold and silver would not have risen, or in the converse case fallen, in proportion to other commodities, such articles would have shared to some extent in the reduced (or augmented) value of their materials. As good an instance as could be desired of the dependence of value on supply is afforded by the "assignats," by means of which the French revolutionary government coined half the area of France into money. The notes issued represented the lands of the church, the crown, and the exiled nobility. The bits of paper were, in one sense, valuable, they could be brought back to the issuers and exchanged for the land represented by them; but they were prodigiously multiplied. With every increase of supply, the value fell until at last it "required an assignat of five hundred francs to pay for a cup of coffee."

The principle, stated broadly above, must no doubt be received with certain reservations. It evidently applies to a state of society in which credit transactions are unknown, and where gold is the exclusive instrument of exchange passing from one hand to another at every transaction. But, even in such a state, the frequency with which the same piece of money is employed in performing a given amount of business would be a factor to be considered. If a sovereign is employed ten times in order to transfer a certain quantity of

goods from the first owners to others it has been—when confronting the whole mass of commodities in the market—the equivalent of ten sovereigns. He must also note that commodities themselves usually pass through many hands before they reach the ultimate consumer. The supply of money will be, therefore, not the absolute quantity, but that quantity multiplied by what is called the efficiency of money, the average number of purchases made by each piece in transacting a given amount of traffic. In like manner the demand for money consists not simply of the goods offered for sale, but of these goods multiplied by the average number of times they change hands before reaching the consumer.

We are, however, far from the state of commerce in which an actual pledge needs to be passed in order to transmit goods from one to another owner. But our reasoning is none the less applicable—the dependence of general prices on the quantity of money in circulation is still true. There is the important proviso now, though, that we are to include in "money" not alone the metallic coins on the one hand, but paper money of all kinds and even "book credits" on the other. And general prices depend naturally on the greater of the two constituents—they depend on the state of credit more than on the quantity of metallic money. For credit, equally with the latter, is purchasing power: a person who avails himself of his credit to purchase goods tends to raise their price just as much as if he bought with ready money. The purchasing power which a person can exercise is composed not alone of the money in his possession or due to him, but also of his credit; and his credit is not always at the same level. In times of speculative activity, when a sanguine spirit pervades the commercial community, he has more credit; people trust him to a greater extent than reason can justify; and, by a very unusual process of arguing, the granting of credit to a borrower by one person is taken as a valid reason why he should receive credit from another also. In times of slackness and despondency, which become in extreme cases commercial panics, his credit is much restricted. At such times even firms unquestionably solvent may fail to obtain advances. The quantity of money—in its wider sense of purchasing power—is evidently much greater during the period of inflated credit than after the revulsion has begun. Therein lies the cause of the otherwise inexplicable variations of prices within brief intervals. Credit, unlike gold, may increase indefinitely in a short time, and it may suddenly be almost annihilated. Prices will rule high in the first case, even though there has been an increase neither of gold nor of paper money. Prices will rule low in the second case, though not a single sovereign has been withdrawn from circulation.

It will be seen that the quantity theory of money—the dependence of its value on its amount—is no principle peculiar to money. It is interesting and instructive, however, in that no other commodity shows so clearly how fluctuations in price are the reflections of changes in supply. But, as with other commodities, the value of gold must ultimately be brought into consonance with cost of production; if the dreams of the alchemists should ever be realised and the "base" metals be capable of easy transmutation into gold, the value of gold would inevitably fall. As it is, the value of gold—its price assessed in goods—is kept high because, though widely distributed over the globe, it exists

in very small parcels, and the labour required to appropriate it is inordinately great. Any increase in output, moreover, takes longer to permeate the channels of circulation than is the case with any other commodity. And this question as to the value of money is decided to a greater extent than is the case with any other article by its quantity compared with the work to be done by it. The value of money is dependent on the quantity of money, falling as the quantity increases, rising as the quantity decreases—and the value rises and falls in the exact ratio of the fall and the rise in the quantity.

**MONEYS, FOREIGN.** (See FOREIGN MONIES.)

**MONGOLIA.** (See CHINA.)

**MONOMETALLISM.** In a monometallic system the material of the standard money is one metal, other metals being used only for subsidiary purposes. We were the first to adopt the system of gold-monometallism. In gold, we measure all prices, even when we say what is 28s. the quarter, or silver 24d. an ounce, we mean  $\frac{2}{3}$  or  $\frac{1}{10}$  of a sovereign. We do not mean so many shillings or so many pence. Gold alone has unlimited power of freeing from obligations, and to it alone the Mint is open.

Other metals are used in our monetary system; it would be impossible to coin gold of the value of a penny, and the gold coin worth a shilling would be quite unsuitable for ordinary use. But the other metals have a quite subsidiary function. They are legal tender to a small amount only—in our case, 40s. for silver, 1s. for bronze. They are purposely made to contain a less value of coin than their nominal value, so that obviously the Mint cannot be open for their coinage. These token coins may, in fact, be regarded as bank notes of low denominations issued for the convenience of small exchanges. On each token coin there must be a profit, and thus the State appropriates. When silver was demonetised in 1816 the profit to the Mint was fixed at 4s. for every pound of silver coined. The pound *brass*, which before had been coined into sixty-two shillings, was now coined into sixty-six. Thus, the amount of silver in a shilling was a little less than the value of  $\frac{1}{20}$  of a sovereign, and the difference between the nominal and the real value was the State's signiorage.

Since 1666, we have had not only free but gratuitous coinage of gold. The argument of the mercantilists, to whom gold was wealth in a far higher sense than anything else, prompted the Act which was meant to attract gold by offering to it gratuitous coinage. Practically the same weight of coin would be given for the bullion taken to the Mint. The actual expense of coinage—basage—was borne by the public, and the State abstracted for its own purposes no payment—seigniorage. The practice still persists, though it is now supported by other arguments. (1) By giving the same weight of coins as of bullion received, the sovereign is of exactly the same value at home as abroad, the measure of value is perfect throughout the commercial world. (2) A needless complication would be otherwise introduced into foreign trade, as, in cases where the merchant must export gold, he would lose the expenses of coinage, and must make his calculations accordingly. The identity in value between coined gold and gold in bullion is, however, not quite perfect in practice. The man who bears bullion to the Bank of England receives payment at £3 17s. 9d. per oz. of standard gold, which is, of course, at the rate of £15s. 6d. per oz. of fine gold, since  $\frac{1}{10}$  of



the weight of a sovereign is alloy. But the Mint price of gold is £3 17s. 10½d. per oz., so that 1½d. an oz. less than the mint price pending the coinage is deducted by the Bank.

Now what is the Mint price of gold, and why is it, unlike other prices, invariable? Mint price is really a misnomer. When it is declared that the Mint price of gold is £3 17s. 10½d. an oz., the statement simply expresses in another form that an ounce of gold is coined into 3½ sovereigns. It is the weight of a sovereign that is defined, not the value of gold, the amount of commodities for which it will exchange. Price is the value expressed in gold, and the value of gold in gold must always be the same.

Since 1873, when Germany and Scandinavia followed our example and adopted the gold monometallic system, there has been a general movement throughout the commercial world towards the system. Though many countries are still nominally under a bimetallic system, in practice gold is the sole international currency, and by various devices silver and paper prices are brought into harmony with gold prices. Prices may be in the currency of the Latin Union—France, Belgium, Switzerland, Italy, and Greece—expressed in silver and values measured in silver, but gold prices are always "understood." Similarly the high prices in the depreciated paper money of Brazil and Chile are the reflection of the value of the paper in gold. Even in Asia the gold standard is asserting itself. In 1897 Japan adopted yet another occidental fashion and placed its monetary system on a gold basis. In 1899 India also, although its principal money is still the silver rupee, by restoring the minting of silver, raised the value to a stable ratio with gold. There are some signs of a reaction in favour of the concurrent use of silver as a standard, in favour, that is, of bimetalism. But an international agreement as to money seems as far off as an agreement to limit armaments, and we shall in all likelihood continue to live under the single gold system. Certainly we may anticipate that no isolated nation will ever again attempt to restore silver to its former place alongside gold, as the United States did by the disastrous Sherman Act of 1890, which had to be hurriedly repealed in 1893.

**MONOPOLISE.** This signifies the obtaining possession of a commodity by a person so that he becomes the only seller of the same.

**MONOPOLIST.** The person who has the sole power or privilege of selling or dealing in a particular commodity.

**MONOPOLY.** An absolute monopoly exists when the supply of a commodity is under the sole control of one person, or body of persons, among whom agreement has superseded competition. They possess a seller's monopoly, and in theory prices may be raked up to the buyer's extreme estimation of the worth to him of the commodity. The value in exchange may reach as high as the value in use, or, using the technical language now in vogue, the final utility may correspond to the total utility. There may be no *consumer's surplus*. When no amount of labour and capital can add to the stock in existence, the holder of the stock can, of his own free will, fix the price. It is quite arbitrary, and may be raised so high as to preclude purchase by all except the strongest purchaser—he who has the greatest desire to possess allied with the power of realising his desires. Rare coins, master paintings, unique remains of olden times,

like ancient sculptures, wines which can be grown only under rare combinations of soil, climate and exposure, and the like commodities, are objects susceptible of monopoly. Such things cannot honestly be duplicated, and their value depends on demand and supply, with no reference to cost of production. A buyer's monopoly obtains when a particular commodity can be sold to one person alone. The most common case is that of a large employer who may in his particular industry provide the only available market for the labour of thousands of workmen. In theory, again, such a monopolist can force the sellers of labour to accept the lowest price which is compatible with existence in working condition. Monopolies are natural when they arise from the rigidity of nature; land in crowded places, a genius for painting, or music, or writing, are monopolies and command monopoly prices. Monopolies are artificial when they arise from privileges conferred by law. Patented articles and copyright books are examples of such monopolies; society grants them to encourage investment of capital in new and apparently better ways. Similarly, Parliament, in order to give capitalists some security for investment in hitherto untried directions and to obviate ruinous competition, grants exclusive powers to companies or to individuals, and these powers enable a monopoly to be created.

Thus a railway has the sole right of carriage by rail throughout a district, but this monopoly is limited by the fact that carriage by road, by light railway, and by motor, can be substituted if prices range too high. This possibility of substitution prevents most monopolists from making extortionate charges. If the price of standard oil were raised, the demand for gas would increase and that for oil diminish; so that the oil is sold at prices only slightly above cost. Desires are interchangeable, and one may readily be substituted for another. Thus the wish for motor-cars is said to have diminished the demand, not alone for horses and harness, but, strangely enough, for pianos. And if the price of spirits goes up, more mineral waters and tea are drunk. It is the principle of substitution that has caused many "corners" to be failures. Even where there is no natural or artificial monopoly, the size of an undertaking may be so great that "freedom of competition" becomes a vain phrase. Water companies and tram companies are examples.

The granting of monopolies was formerly much abused, so that in 1601, when the law forbidding their grant was passed, a member could say: "The principallest commodities both of my Town and County are engrossed into the hand of those blood-suckers of the Commonwealth, the Monopolitans."

The modern tendency towards monopoly is a result of the recognition of the fact that the larger the output of a business the less the cost price of a unit of production. A monopoly enables one to realise the economies *internal economies* through better organisation, effective use of the most elaborate and costly machines, and the like, *external economies* through the cutting down of selling expenses, through the relative stability of markets, and the rest—of production on a large scale. This plea is often the ostensible and sometimes the real reason for the formation of trusts and other combines, which have a practical monopoly. By the creation of a monopoly, prices to the consumer can be lowered, but more often the monopolist needs to be controlled in the public

interest—a truth long since acted on in the case of railways.

A monopoly can be made effective only by narrowing supply. Monopoly value is scarcity value. The government of San Paulo, which practically controls the coffee supply of the world, in years of exuberant harvest actually destroys a portion of its crops in order to keep prices up. It acts on the belief that a higher price for the diminished amount will yield greater net profit than a lower price for the full amount, and the belief may be a correct view. Demand for the article in question may be so inelastic that it requires a very great diminution in price to carry off the increased supply. The greater amount at the lowered price may realise less than the smaller amount at the higher price, but usually, even in the closest monopolies, the greatest profit can be made by a policy of low charges coupled with a huge volume of business. Economics of production cannot be effected without this huge output, and to dispose of the output prices must be low enough to attract a vast custom. In order to induce people to take enough goods to utilise adequately their fixed capital, the prices will usually differ little from what they would have been in free competition had existed, but these prices will seldom be spontaneously adopted by the monopolists. They will strive to make high profits by high prices and a restricted output rather than by low prices with a great output, and their usefulness to the community will be less than it should be. It needed the "Parliamentary Trains" Act of 1844 to teach the railway companies that their interests lay in cultivating third-class traffic. When prices are higher than what free competition would fix, a tax is levied on the consumer by the monopolist, whether the monopolist is the steel trust, or the municipality, or the State. An industry which enjoys a monopoly will also tend to routine, experiment and progress and energetic initiative can hardly be expected when gains are steady and no competition acts as a stimulus. Thus the consumer must usually pay, in addition to the tax for the profit of the monopolists, another for their laziness or incapacity.

**MONROE DOCTRINE.**—This is the name given to the political principle laid down by President James Monroe in 1823, that the United States of America would not permit of any aggressive action on the part of European powers on the continent of North or South America. It was provoked by the action of the Great European powers in interfering with the politics of other countries after the close of the Napoleonic Wars.

**MOONSOON.**—Monsoons are storms on the Indian Ocean, which change their general direction every six months. The heaviest storms are generally experienced in October. The prevalence of the easterly winds regulates in a very great degree the periods of sailing ships frequenting the Indian Ocean.

**MONT DE PIÉTÉ.**—The French name for a pawnshop. In France a pawnshop is a Government enterprise and not a private business concern.

**MONTENEGRO.**—Montenegro is now included in the kingdom of Serbs, Croats, and Slovenes, or Jugo Slavia. (See JUGO SLAVIA.) Previously it measured a hundred miles from north to south and eighty from east to west, and had an area of 3,630 square miles, and a population of about a quarter of a million.

**Build and Productions.**—The greater part of the surface is mountainous, with a raw climate suitable only for grazing and stock raising. The mountains of the southern part are well wooded, but the lack of communication renders the forests valuable.

The largest towns are *Podgorica* on the Zeta, with a population of 11,000. *Cetinje* has only 4,100 inhabitants.

On the coast are *Bar* (18,000) and *Adriatic* (2,500).

There is some trade with the surrounding countries, principally with Austria, cattle, sheep, goats and animal products being the principal exports, while the imports are maize, petroleum, salt and manufactured goods of all kinds. There being no industries in the country.

Mail is dispatched twice a day to Montenegro. The time of travel to Cetinje, which is 1,100 miles distant from London, is rather less than five days. (For map, see JUGO SLAVIA.)

**MONTH.**—Until quite recent times the word month was held to mean "lunar month," i.e., a month of twenty-eight days. And that is still the meaning unless there is some evidence to the contrary. This was expressly stated in the case of *Brunner, Meyer*, 1904, 1 Ch. 305. In modern times, however, Acts of Parliament have frequently turned the meaning into "calendar month," and practically since the year 1850 the calendar month has taken the place of the old lunar month. See particularly such Acts as the Bills of Exchange Act, 1882, and the Sale of Goods Act, 1894.

**MORA.**—A hard, close-grained timber much used in shipbuilding. The bark has astringent properties, and is suitable for tanning. The supplies come from British Guiana.

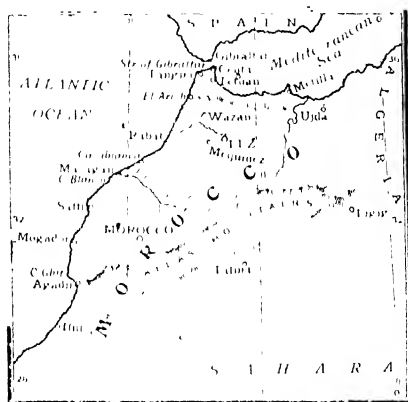
**MORATORIUM.**—The real meaning of this word, which is of Latin origin, is delay, and it is applied exclusively to those cases in which a Government allows a certain additional time in which to liquidate debts. Thus, certainty as to the date of payment is one of the special points connected with bills of exchange. But if the peculiar circumstances of a country demand that there should be an extension of time allowed, then the doctrine of moratorium comes in. Various examples may be given of the application of moratorium. In 1870-71 the Franco-German war was raging. By an ordinance of the French Government the maturity of bills of exchange payable in Paris was postponed for three months. In 1891, during a monetary panic in Argentina, a moratorium was adopted. Again, in January, 1910, owing to the great floods in Paris, the French Government suspended the law regarding the protest of commercial bills, and enacted that bills falling due between the 26th January and the 15th February, 1910, should not be protested for non-payment until after a delay of twenty days. The Great War, which broke out in 1914, necessitated moratorium legislation of an exceptionally wide character in all countries affected by the conflict.

**MORGEN.**—(See TOPICS WITHOUT AND MPAUROS—G. K. WATTS.)

**MOROCCO.**—Position, Area, and Population. Morocco, or Morocco, occupies the north-western corner of Africa, where that continent approaches most nearly to Europe, which is here only 13 miles distant. On the east the Wedd Ghazal forms the boundary with Algeria, while the southern border lies along the Draa to the most part, the coast strip running southward beyond the mouth of that river. It has an area of 219,000 square miles and a

population variously estimated at from four to five millions.

Running through the country are the Little Atlas Mountains in the north, and the Great Atlas further south. The latter are mountains covered in parts by perpetual snow, so that most of the rivers rising in them have water in them throughout the year, even in the dry summer season, when the rainfall is very scanty. Of the rivers flowing to the Mediterranean, the Muluya is the most important. On the west the best known are the Sebou, the Umer Rebia, the Sus, near the mouth of which is Agadir, and the Draa, the latter, and others of the southern rivers, have but little water in them during the summer. The southern portion of the country is in Sahara.



**Productions.** There is known to be great mineral wealth in the country, but so far its disturbed state has prevented its exploitation.

\* Many of the plains are of great fertility, and, despite the unsettled condition of the country and the primitive methods employed, yield more than enough grain and fruit for local needs, so that some is exported. Considerable areas are under irrigation, particularly in the south, where the great oases of Tahilt is the largest of these dependent upon the drainage of the Atlas.

**Commercial Centres.** The principal towns are Fez (106,000), Marrakech (99,000), Casablanca (83,000), Tangier (50,000) the chief port, Rabat (38,000), Mequinez (37,000), Tetuan (30,000), Mazagan (22,000), and Safi (20,000).

**Commerce.** The principal exports are cereals, oxen, eggs, hides and almonds, olive oil, and wool. More than half the imports are cottons, the other being sugar, tea, hardware, candles and flour.

The annual value of the imports is about ten million sterling, of which Britain and France supply about a third each. The exports, valued at about four millions, go chiefly to France, Britain, and Spain.

**Government.** Morocco is ruled by a Sultan, who is head of religion as well as of the state, although, since the establishment of the French Protectorate in 1912, he has to follow the advice of the French Resident General in all matters. There is a Spanish zone which is administered under the control of a Spanish High Commissioner.

Mails are despatched to Morocco every morning.

Tangier is 1,200 miles from London, and the time of transit is a little over four days.

**MOROCCO LEATHER.**—The skins of goats, tanned with sumach, dyed, and grained. The name is due to the fact that this leather was first dressed in North Africa. There are now numerous imitations, e.g., Levant, Persian, and French Morocco, which are made chiefly from sheep skins dressed in the same way as Morocco leather.

**MORPHIA.**—The active principle of opium, also known as morphine. It forms small white crystals of a bitter taste. In medicine it is valuable as a narcotic, and is administered either in minute doses like ordinary medicine or by means of a hypodermic syringe. Morphia is a dangerous drug owing to its poisonous properties, and should only be used on medical advice.

**MORTAR.**—The binding material for building up brick or stone, consisting of lime and sand, or cement and sand.

The same word is also used to designate the gun for testing explosives as to their ballistic qualities. It is in the form of a short howitzer, much resembling the trench mortar, so much used in trench warfare during the Great War, but with much thicker metal in the barrel and the breach.

**MORTGAGE.**—A mortgage is a conveyance of land or other property by a borrower, who is called the mortgagor, in favour of a lender, who is called the mortgagee, such land or other property being the security for the money borrowed, together with the interest thereon. Although the word "mortgage," as stated above, is sometimes applied to a transaction of this kind which is concerned with personal as well as with real property, it is the more general practice to restrict the word "mortgage" to land which is hypothecated or pledged by way of security, and to give the name "bill of sale" (*q.v.*) to the security granted over personal property. There are many features in which a mortgage can be likened to a pawn, but whereas in the latter case the lender gets the possession of the articles pledged, in the former, whether it is a dealing with real or personal property, the possession of the land or the articles covered by a bill of sale remains with the borrower.

A mortgage of freehold land is, in law, an absolute conveyance by which the fee in the land, or the interest which the tenant has in it, is passed to the mortgagee, subject to an agreement for the re-conveyance of the same by the mortgagee to the mortgagor in repayment of the loan on a fixed day.

This day is usually stated at six months from the date of the execution of the mortgage. Of course, there is always a further stipulation as to the payment of interest, and on the repayment of the loan the interest must be included.

The reader should refer to the form of mortgage given as an inset.

By the common law, if the mortgagor failed to pay back the money borrowed, together with the interest, on the due date, the mortgagee was entitled to eject the mortgagor from the estate mortgaged and to take possession of the land for himself. In such a case the mortgagee, by the strict rule of the common law, deprived the mortgagor of all right to his lands for the future. But at a very early date the Court of Chancery stepped in to prevent a legal mortgagee asserting his rights in their entirety. The doctrines of equity, as asserted by the Courts of Chancery, were established so as to make the rules of the common law less harsh than

(FACSIMILE OF MORTGAGE IN FEE OF FREEHOLDS)

**this Indenture** made the 1st day of August 19

BETWEEN Alfred Jones of Sunnyside House Templetown in the City of Blankshire gentleman (hereinafter called the mortgagor) of the one part and Marmaduke Smith of 875 Strand in the City of London (hereinafter called the mortgagee) of the other part :

WHEREAS the mortgagor is seised of the hereditaments hereby mortgaged for an estate in fee simple in possession free from incumbrances :

AND WHEREAS the mortgagee has agreed with the mortgagor to lend him the sum of £1000 upon giving the repayment thereof with interest at the rate hereinafter mentioned secured in manner hereinafter appearing :

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration the sum of £1000 now paid by the mortgagee to the mortgagor (the receipt whereof the mortgagor doth hereby acknowledge) the mortgagor hereby COVENANTS with the mortgagee to pay him on the 1st day of February 19 the sum of £1000 with interest thereon in the meantime the rate of five pounds per centum per annum computed from the date hereof :

AND also so long as any principal money shall remain due under these presents after the said day of February 19 to pay to him interest thereon at the rate aforesaid by equal half yearly payments on the 1st day of August and the 1st day of February in every year :

AND THIS INDENTURE ALSO WITNESSETH that in further pursuance of the said agreement and the consideration aforesaid the mortgagor AS BENEFICIAL OWNER doth hereby GRANT unto the mortgagee

ALL THAT (*describing the property in full*)

TO HAVE AND TO HOLD the same UNTO and TO THE USE OF the mortgagee his heirs and assigns SUBJECT to the proviso for redemption hereinafter contained (that is to say) :

PROVIDED ALWAYS and it is hereby agreed and declared that on payment on the said first day of February 19 by the mortgagor or the persons deriving title under him to the mortgagee or persons deriving title under him of the sum of £1000 with interest thereon in the meantime at the aforesaid the premises hereinbefore granted shall at the request and at the cost of the mortgagor the persons deriving title under him be duly reconveyed to him or them ;

PROVIDED ALWAYS and it is hereby agreed and declared that the mortgagee or the persons deriving title under him shall not be answerable for any involuntary losses which may happen in or out the exercise or execution of the power of sale or any of the powers or trusts which may be tied in him or them by virtue of these presents or any statute.

IN WITNESS whereof the said parties hereto have hereunto set their respective hands and seals this day and year first above written

ALFRED JONES

MARMADUKE SMITH





they would be if carried out in all their strictness, and as it was considered that the transaction of a mortgage, no matter what its legal aspect, was in reality only a security for a loan, the idea of justice was that if at any time, subject to certain exceptions to be noticed hereafter, after the expiration of the period for which the loan was granted, the mortgagor was able and willing to pay back his loan with interest and any costs incurred, he was entitled to claim back his mortgaged estate in spite of his having failed to pay at the stipulated time. Thus, there arose the maxim "Once a mortgage, always a mortgage," which means that if a mortgage is created, no matter what its strict legal incidents may be, it remains a mortgage until the court, by a process of foreclosure or otherwise, has declared that the right of the mortgagor to redeem his estate is at an end. This right to redeem is known as the "equity of redemption," and as being a thing of value it can be frequently dealt with in the open market to the extreme advantage of a mortgagor who is himself not in a position to pay up what is owing upon his mortgage. Later on it will be pointed out how this equity of redemption may be lost, and, in fact, how the mortgage itself may come to an end and the mortgagee be placed in full legal possession of the estate mortgaged, or how the mortgagee may transfer the legal right in the estate to another person.

So much for the mortgage of freeholds. As to leaseholds, the leaseholder has but a limited interest in the land, such interest being terminable either by effluxion of time or by various other circumstances referred to in the article on LANDLORD AND TENANT. But, as is there noticed, a leaseholder can generally be released on terms for breaches of covenant, and consequently a mortgage of leaseholds is possible, the mortgagee being fully aware of the character of the security which he obtains for his advance. The mortgage of leasehold property is effected either by assignment or by underlease. It is always advisable, however, except in the case of registered land, for the mortgagee to take by an underlease. Whenever a mortgage is by assignment, the mortgagee becomes the tenant of the freeholder, i.e., the lessor of the mortgagor, and this kind of mortgage will make him liable directly for the covenants contained in the lease. These may be burdensome. But if, on the contrary, the mortgage is by way of underlease only, the mortgagee becomes merely the tenant of the mortgagor, having no direct relationship with the original lessor at all. Should then the covenants of the lease be broken in any way, the lessor looks for his remedy to the mortgagor, and the mortgagee is not bound to him. Of course the results may, under certain circumstances, be serious to the mortgagee, but he always has his personal remedy against the mortgagor for the money lent, together with his interest, if the security of the leaseholds fails. The risks run will, therefore, have to be carefully considered beforehand by the mortgagee, who will form his own estimate as to whether he should or should not lend money upon such a security.

It is only necessary to add a word or two as to the mortgage of copyholds. This is effected by a conditional surrender of the land to the mortgagee, being entered upon the rolls of the manor, such conditional surrender being made void upon the repayment of the money advanced together with the stipulated interest.

Such is, in brief, the nature of a mortgage, and it is not surprising that it is, generally speaking, one of the easiest methods by which a loan can be raised, though in many cases these loans take rather the form of permanent investments. The relative rights of the mortgagor and the mortgagee have been the outcome of rules formulated by the court at various times, many of which have been embodied in a number of statutory enactments.

The exact rights of a mortgagee are usually set out in the mortgage deed, unless the mortgage is a statutory one, and then certain rights are implied, especially under the provisions of the Conveyancing Act, 1881. Generally speaking, and except in so far as there are different provisions contained in the mortgage deed, the rights of the mortgagee are as follows:

(1) As to payment of money due, there is a right to sue for the same at any time after it has become due. The mortgagee can sue the mortgagor on his personal covenant to repay.

(2) If default is made by the mortgagor in payment after three months' notice has been given by the mortgagee to the mortgagor, or if interest has become in arrear for two months, or if there has been a breach by the mortgagor of any provision contained in the mortgage deed, other than the covenant for payment of the mortgage money or interest on the fixed day, the mortgagee may go into possession of the mortgaged property, or he may bring an action for foreclosure, or appoint a receiver of the rents and profits, or sue the mortgagor for the principal and the interest. All these remedies may be enforced at the same time. But if he prefers to do so, the mortgagee may sell the mortgaged property by public auction or by private contract.

Foreclosure is a right of the mortgagee not given by statute or by stipulation, but it arises from the fact that the estate has been conveyed to the mortgagee, as explained above, and if after a proper demand has been made the mortgage money is not paid off, the mortgagee has the power of going to the court and claiming that an account be taken of what is due to him for principal and interest, and that in default of the mortgagor paying the same with costs on a day to be appointed by the court—usually six months after judgment—the mortgagor may be foreclosed or deprived of his equity of redemption. In other words, if the mortgagor fails to avail himself of the right conferred on him by the Court of Chancery to redeem after the day originally fixed for payment, the mortgagee has his original right at law of becoming the owner of the forfeited estate. (See FORECLOSURE.)

(3) A mortgagee has a power at all times to insure and keep insured buildings on the mortgaged property, and to add the premiums paid to his security.

(4) If the mortgagee exercises his power of sale he does not take the property in lieu of the debt so as to extinguish it as he does by foreclosure, but he can sue the mortgagor for any deficiency in the money arising from the sale to meet the principal, interest, and costs of the mortgage debt. On the other hand he must, of course, pay to the mortgagor any surplus if the sale realises more than enough to pay the principal, interest, and costs.

It will thus appear how amply secured the mortgagee is. Practically he runs no risk unless he has been exceedingly reckless as to the amount of his advance. No sane man ever thinks of advancing, under ordinary circumstances, more than two-thirds

of the value of an estate, and in order to be on the safe side he would not venture to part with his money until he has had a valuation made by a competent person.

The rights of the mortgagor, subject to any special covenants contained in the mortgage deed, are as follows:

(1) It was the old rule that the mortgagor must give a notice of six months if he wished to pay off the money which he had borrowed. This rule has not been altered by statute, although the mortgagee has had the time reduced as far as he is concerned to three months, as already noticed.

(2) After he has given notice of his intention to repay, the mortgagor can at any time tender the amount of the principal, interest, and costs to the mortgagee, the interest being that sum which would be payable if the whole six months had elapsed, and if the mortgagee declines to accept the correct amount thus tendered, the mortgagor can institute an action for redemption, *i.e.*, the right to have his mortgaged estate reconveyed to him. The same course is open to the mortgagor when the mortgagee is pursuing any of his own peculiar remedies to enforce payment of his debt.

(3) The mortgagor can always demand an account of all rents and profits received by the mortgagee, even when the mortgagee has entered into possession.

(4) The mortgagee must always afford the mortgagor a full opportunity of inspecting the deeds connected with the mortgaged land. In equity the mortgagor has always certain rights, especially the right of dealing with the equity of redemption (*q.v.*), and it would be an impossibility for him to do so unless there was a power of producing the deeds of the property for the inspection of a person who wished to purchase or to deal with the equity of redemption.

(5) The mortgagor has a statutory power so long as he is in possession of the mortgaged property, except in so far as a contrary intention is expressed in the mortgage deed, to make leases and contracts of tenancy of any parts of the mortgaged property—agricultural and occupation tenancies not to exceed twenty-one years, and building leases not to exceed ninety-nine years. Such leases and tenancies must take effect in possession not more than twelve months after date, and must reserve the best rent that can reasonably be obtained. They must also contain a covenant by the tenant to pay the rent, and a counterpart must be executed by the tenant.

(6) On the discharge of the mortgage moneys, the mortgagor has a right to demand his property back in its integrity. In other words, on redemption he is entitled to have back that which he hypothecated unfettered, and anything which would prevent his getting it back when his obligation is fulfilled will not be permitted. In technical language, nothing will be allowed which will "clog the equity of redemption." For example, in a mortgage deed by a publican to brewers a covenant by the borrower after discharge of the mortgage to sell beer bought of the lenders only is bad, and cannot be upheld, inasmuch as the "tie" would reserve to the lender a hold on the property after redemption and make it less valuable than when it was mortgaged.

By statutory enactments the time during which a mortgagee has the right of exercising his power of foreclosure is limited to twelve years from the date when the right first accrued, or to twelve years

from the time of the last payment of any part of the principal money or interest of the mortgage debt. This is the result of an Act dealing with limitations, passed in 1874. Also if the mortgagee is in possession, the mortgagor is confined to the same limits of time for exercising his right to redeem. Likewise the remedy on a bond given in respect of a debt secured by a mortgage deed on land, and bearing the same date as the bond, will be barred by the lapse of twelve years from the last payment on account or acknowledgment.

It has been stated above that the principal is generally made repayable six months after the date of the mortgage deed. There is nothing irregular however, in making a mortgage for a longer or shorter fixed period. But no agreement can make a mortgage irredeemable.

Where a lease has been granted prior to the date of the mortgage deed, the mortgage operates as a grant of the reversion. The mortgagee is entitled to any rent which is in arrear, and can exercise the landlord's right of distraint. If the lessee makes payment of the rent demanded by the mortgagee, he will be exonerated from any demand on the part of the mortgagor. The law is the same in the case of a yearly tenancy.

Where a lease is granted subsequent to the date of the mortgage deed, the lessee will be a trespasser and can be evicted if the statutory power of the mortgagor or mortgagee in possession to grant leases has been rendered non-exercisable. This right, however, will be waived if it can be shown that there has been an acknowledgment of a tenancy existing on the part of the persons interested.

All that has been said previously relates to what are known as legal mortgages, *i.e.*, to conveyances of property made by deed in the manner stated. But sometimes a loan is negotiated, and there is no mortgage deed entered into. But the lender requires security, and this is given by the deposit of the title deeds of the property, with or without a note or memorandum relating to the same. No estate passes from the mortgagor to the mortgagee. The name given to a mortgage of this kind is an "equitable mortgage." It is the creation of the Chancery Courts, and its name is equitable because at law there was no right on the part of the mortgagor to recover his title deeds, the transaction being one which ought to be evidenced by some document in writing in order to satisfy the Statute of Frauds. But this kind of mortgage is very useful when a temporary loan is required. A great legal authority once referred to an equitable mortgage in the following terms—

"A proprietor of an estate goes to his banker and says, 'Take these deeds into your possession, and obtain for me £10,000 on their security.' This is a mortgage by deposit of title deeds—an equitable mortgage—a most convenient mode of raising money. Notometry is dispensed with, and the accommodation afforded, with every security to the lender and without the necessity for a mortgage deed."

An equitable mortgage is not the most satisfactory of securities, and it should not be resorted to when the loan required is to stand over for any length of time. In the first place, an equitable mortgagee has not a power of sale possessed by the legal mortgagee, but is compelled to rely upon his right of foreclosure. Then there is also the danger of an equitable mortgagee being displaced by a legal mortgagee. This, however, is not very likely to happen, unless the equitable mortgagee is foolish

enough to advance his money without getting the title deeds of the property into his own hands. No one should ever advance money upon mortgage without having the title deeds of the property handed over to him.

The memorandum of deposit, if there is one, must be stamped with an *ad valorem* stamp duty of one shilling for every £100, or part thereof, of the charge created upon the property.

Where several mortgages have been created on the same property, the mortgagees are entitled to payment according to the priority of their memoranda. But if a third mortgagee for example, buys up a first mortgage, which is a legal one, he can add the two mortgage debts, the first and the third, and claim precedence for the two over the second mortgage. This is called "tacking." But tacking can never take place if a later mortgagee has a *actual* or constructive notice of the prior mortgages which have been created.

Stamp duties in connection with mortgages are thus fixed by the Stamp Act, 1891.

*Mortgage, Bond, Debenture, Covenant* (except a marketable security otherwise specially charged with duty), and *Warrant of Attorney* to confess and enter up judgment.

(1) Being the only or principal or primary security (other than an equitable mortgage) for the payment or repayment of money—

| Not exceeding £10   | £ | s | d |
|---|---|---|---|
| Exceeding—  |   |   |   |
| £10 and not exceeding £25   | 0 | 0 | 8 |
| £25 " " £50   | 0 | 1 | 3 |
| £50 " " £100  | 0 | 2 | 6 |
| £100 " " £150   | 0 | 3 | 9 |
| £150 " " £200   | 0 | 5 | 0 |
| £200 " " £250   | 0 | 6 | 3 |
| £250 " " £300   | 0 | 7 | 6 |
| £300, for every £100, and also for any fractional part of £100, of the amount secured | 0 | 2 | 6 |

(2) Being a collateral, or auxiliary, or additional, or substituted security (other than an equitable mortgage), or by way of further assurance for the above-mentioned purpose where the principal or primary security is duly stamped.

For every £100, and also for any fractional part of £100, of the amount secured . . . . . 0 0 6

By Section 7 of the Revenue Act, 1903, the total duty payable under this head is not to exceed 10s.

The collateral security should also bear a duty paid stamp.

(3) Being an equitable mortgage. For every £100, and any fractional part of £100, of the amount secured . . . . . 0

(4) *Transfer, Assignment, Disposition, or Assignment* of any mortgage, bond, debenture, or covenant (except a marketable security), or of any money or stock secured by any such instrument, or by any warrant of attorney to enter up judgment, or by any judgment—

For every £100, and also for any fractional part of £100, of the amount

transferred, assigned, or disposed, exclusive of interest which is not in arrear . . . . . £ s. d.  
0 0 6

And also where any further money is added to the money already secured

(5) *Reconveyance, Release, Discharge, Surrender, Re-surrender, Warrant to Vacate, or Renunciation* of any such security as aforesaid, or of the benefit thereof, or of the money thereby secured.

For every £100, and also for any fractional part of £100, of the total amount or value of the money at any time secured . . . . . 0 0 6

Maximum in case of reconveyance of a collateral security, provided that the reconveyance of the primary security has been duly stamped, 10s.

A reconveyance by a building society, indorsed upon a mortgage, is exempt from stamp duty.

In the case of a conveyance (consideration £1,000), from Brown and Jones as tenants in common to Jones, subject to a mortgage of £5,000, the duty is chargeable upon the consideration and half the amount of the mortgage debt—

|        |                  |
|--------|------------------|
| £1,000 | consideration    |
| 2,500  | half of mortgage |
| £3,500 |                  |

The following are the Sections of the Stamp Act, 1891, relating to mortgages, etc.—

*Meaning of "Mortgage"*—

"86 (1) For the purposes of this Act the expression 'mortgage' means a security by way of mortgage for the payment of any definite and certain sum of money advanced or lent at the time, or previously due and owing, or forborne to be paid, being payable, or for the repayment of money to be thereafter lent, advanced, or paid, or which may become due upon an account current, together with any sum already advanced or due, or without, as the case may be.

"And includes—

"(a) Conditional surrender by way of mortgage, further charge, wadset, and hievable bond, disposition, assignation, or tack in security, and risk to a reversion of or affecting any lands, estate, or property, real or personal, heritable or movable, whatsoever; and

"(b) Any deed containing an obligation to invest any person in an annual rent, or in lands or other heritable subjects in Scotland, under a clause of reversion, but without any personal bond or obligation therein contained for payment of the money or stock intended to be secured; and

"(c) Any conveyance of any lands, estate, or property whatsoever in trust to be sold or otherwise converted into money, intended only as a security, and redeemable before the sale or other disposal thereof, either by express stipulation or otherwise, except where the conveyance is made for the benefit of creditors generally, or for the benefit of creditors specified who accept the provision made for payment of their debts, in full satisfaction thereof, or who exceed five in number; and

"(d) Any defeasance, letter of reversion, back bond, declaration, or other deed or writing for



defeating or making redeemable or explaining or qualifying any conveyance, transfer, disposition, assignation, or tack of any lands, estate, or property whatsoever, apparently absolute, but intended only as a security; and

"(c) Any agreement (other than an agreement chargeable with duty as an equitable mortgage), contract, or bond accompanied with a deposit of title deeds for making a mortgage, wadset, or any other security or conveyance as aforesaid of any lands, estate, or property comprised in the title deeds, or for pledging or charging the same as a security; and

"(f) Any deed whereby a real burden is declared or created on lands or heritable subjects in Scotland; and

"(g) Any deed operating as a mortgage of any stock or marketable security.

"(2) For the purpose of this Act the expression 'equitable mortgage' means an agreement or memorandum under hand only, relating to the deposit of any title deeds or instruments constituting or being evidence of the title to any property whatever (other than stock or marketable security) or creating a charge on such property.

#### *Direction as to Duty in Certain Cases*

"87 (1) A security for the transfer or retransfer of any stock is to be charged with the same duty as a similar security for a sum of money equal in amount to the value of the stock, and a transfer, assignment, disposition, or assignation of any such security, and a reconveyance, release, discharge, surrender, re-surrender, warrant to vacate, or renunciation of any such security, is to be charged with the same duty as an instrument of the same description relating to a sum of money equal in amount to the value of the stock.

"(2) A security for the payment of any rent charge, annuity, or periodical payments, by way of repayment, or in satisfaction or discharge of any loan, advance, or payment intended to be so repaid, satisfied, or discharged, is to be charged with the same duty as a similar security for the payment of the sum of money so lent, advanced, or paid.

"(3) A transfer of a duly stamped security, and a security by way of further charge for money or stock, added to money or stock previously secured by a duly stamped instrument, is not to be charged with any duty by reason of its containing any further or additional security for the money or stock transferred or previously secured, or the interest or dividends thereof, or any new covenant, proviso, power, stipulation, or agreement in relation thereto, or any further assurance of the property comprised in the transferred or previous security.

"(4) Where any copyhold or customary lands or hereditaments are mortgaged alone by means of a conditional surrender or grant, the *ad valorem* duty is to be charged on the surrender or grant, if made out of court, or the memorandum thereof, and on the copy of court roll of the surrender or grant, if made in court.

"(5) Where any copyhold or customary lands or hereditaments are mortgaged, together with other property, for securing the same money or the same stock, the *ad valorem* duty is to be

charged on the instrument relating to the other property, and the surrender or grant, or the memorandum thereof, or the copy of court roll of the surrender or grant, as the case may be, is not to be charged with any higher duty than ten shillings.

"(6) An instrument chargeable with *ad valorem* duty as a mortgage is not to be charged with any further duty by reason of the equity of redemption in the mortgaged property being thereby conveyed or limited in any other manner than to a purchaser, or in trust for, or according to the direction of, a purchaser.

#### *Security for Future Advances, how to be Charged*

"88 (1) A security for the payment or repayment of money to be lent, advanced, or paid, or which may become due upon an account current, either with or without money previously due, is to be charged, where the total amount secured or to be ultimately recoverable is in any way limited, with the same duty as a security for the amount so limited.

"(2) Where such total amount is unlimited, the security is to be available for such an amount only as the *ad valorem* duty impressed thereon extends to cover, but where any advance or loan is made in excess of the amount covered by that duty the security shall for the purpose of stamp duty be deemed to be a new and separate instrument, bearing date on the day on which the advance or loan is made.

"(3) Provided that no money be advanced for the insurance of any property comprised in the security against damage by fire, or for keeping up any policy of life insurance comprised in the security, or for effecting in lieu thereof any new policy, or for the renewal of any grant or lease of any property comprised in the security upon the dropping of any life whereon the property is held, shall be reckoned as forming part of the amount in respect whereof the security is chargeable with *ad valorem* duty.

#### *Exemption from Stamp Duty in Favour of Benefit Building Societies Restricted.*

"89. The exemption from stamp duty conferred by the Act of the Session held in the sixth and seventh years of King William the Fourth, chapter thirty-two, for the regulation of benefit building societies, shall not extend to any mortgage made after the thirty-first day of July one thousand eight hundred and sixty-eight, except a mortgage by a member of a benefit building society for securing the repayment to the society of money not exceeding five hundred pounds."

A mortgage must be stamped within thirty days of the date of the deed, or if from abroad within thirty days from its arrival in this country. The same time is allowed for further stamping a banker's mortgage, where the amount is not limited, for an additional overdraft, dating from the time the extra advance is taken.

The validity of a legal mortgage is not affected merely by the fact that it is not stamped, but the deed cannot be produced in Court as evidence unless it is properly stamped. An unstamped mortgage may be stamped, after the expiry of the thirty days, on payment of a penalty.

#### *Memorandum by the Inland Revenue*

"Primary Securities.—The instruments given to banks by their customers to secure overdrafts

on current account are, whether legal or equitable mortgages, almost invariably worded as securities for all sums due or to become due to the bank. In such circumstances the earliest of the instruments is the primary security for all advances, and must in the first place be stamped 2s 6d or 1s per cent. Mortgage or equitable mortgage duty on the highest amount at one time due in respect of the indebtedness secured to the bank up to date (*i.e.*, within thirty days) and with additional duty from time to time, in accordance with the provisions of Section 88 (2) of the Stamp Act, 1891, if the indebtedness should subsequently reach, at any one time, a higher total.

**"Collateral Securities"**—Each of the other instruments must be treated as a collateral security for the highest amount of overdraft. In the case of legal mortgages, full *ad valorem* duty of 6d per cent. is chargeable on the highest amount at any one time due in respect of the indebtedness secured up to August 31, 1903, and similar *ad valorem* duty of 6d for every £100, or fraction of £100, increase of this indebtedness after that date, but as to such increased indebtedness arising after August 31, 1903, with a limit of 10s. in respect thereof, under the provisions of Section 7 of the Revenue Act, 1903. The collateral security or securities should also bear a duty-paid stamp under Section 11 of the Stamp Act, 1891. An additional duty-paid stamp can be obtained from time to time, and when additional duty is impressed on the primary security.

**"Equitable Mortgages"**—In the case of equitable mortgages, every security, whether primary or collateral, is chargeable with the duty of 1s per cent. on the highest amount at any one time due in respect of the indebtedness secured to the bank up to date (*i.e.*, within thirty days) and with additional duty from time to time, in accordance with the provisions of Section 88 (2) of the Stamp Act, 1891, if the indebtedness should subsequently reach, at any one time, a higher total.

"In no case can the value of the security assigned, deposited or charged, be taken as the basis of assessment for mortgage duty."

**"Reconveyances"**—Reconveyance duty is payable on the highest amount of the indebtedness at any one time secured, this duty is exigible on all reconveyances, where the highest amount at any time due on the vacated security is £2,000 or under; where it is over £2,000 only on the final discharge; any partial release in that case attracting 10s.

"If it should be found that duty has been previously paid on a wrong basis, all the instruments should be forwarded to this office with a statement of the highest amount of the customer's indebtedness at any time subsequent to the date of the first instrument, in order that the case may be submitted to the Board of Inland Revenue."

Restrictions were placed upon exercising the right of foreclosure, raising the rate of interest, etc., during the Great War by the special legislation passed for that purpose.

**MORTGAGE DEBENTURE**.—This is a debenture under which not only is there a promise or undertaking to pay a certain sum of money, but one which also charges the property of a payment as security for the payment of the money. (See DEBENTURE.)

**MORTGAGED PROPERTY AND BANKRUPTCY**.—The effect of a mortgage may have to

be considered in bankruptcy in relation to debtor and creditor.

If a debtor mortgages all his property, and so puts it out of the reach of his creditors, a question may arise as to whether the transaction is a fraudulent conveyance, and as such an act of bankruptcy; but a debtor may mortgage or pledge all his property by way of security for a present advance; and a mortgage of property to secure a present advance and a past debt is not, *per se*, an act of bankruptcy.

A creditor who has a mortgage on a debtor's property may be *pro tanto* secured. (See SECURED CREDITOR.)

Where a person claims to be a mortgagee of part of a bankrupt's real or leasehold estate, the court may, on the application of the mortgagee, direct accounts to be taken, and point out the method in which the sale is to be conducted.

The proceeds of the sale are applied, first, to the payment of the trustee's costs in connection with the matter, and, secondly, to payment of the mortgagee. If there is anything over, that goes to the trustee for the benefit of the estate. If the proceeds of the sale are not sufficient to pay off the mortgagee, he may prove in the bankruptcy for the balance, a trustee in bankruptcy may, with the consent of the committee of inspection, mortgage the bankrupt's property in order to raise the money for payment of debts.

**MORTGAGEE**.—The person to whom a mortgage of property is given as security for an advance of money.

**MORTGAGEE IN POSSESSION**.—Under certain conditions a mortgagee is entitled to take into his own hands the collection of the rents and the management of property which is the security given by the mortgagor for an advance of money. The mortgagee then becomes mortgagee in possession. The usual method, however, is for a mortgagee who is entitled to take possession to put in a receiver who manages the estate and collects the rents. Only a legal mortgagee can become a mortgagee in possession without the sanction of the court. (See MORTGAGE.)

**MORTGAGOR**.—The person who grants a mortgage of his lands to another, who is called the mortgagee.

**MORTMAIN**.—This word is sometimes met with in connection with real property, though it is now becoming of no material consequence owing to the changes made in the law during recent years. In feudal times certain payments had to be made in connection with real property when such property passed from one person to another. But if the land, *i.e.*, the real property, was held by a corporate body, such body having, in law, a perpetual existence, these payments became non-existent, and the land was said to get into a "dead hand," in *mortuam manu*. After various devices to prevent this evasion of payment, the law eventually forbade the alienation to any corporate body at all. But the law was never thoroughly effective in this respect, and much land got into the hands of these corporate bodies. With the decay of feudalism the necessity of the old statutes was done away with, and the law was fairly settled, so far as such statute as those connected with mortmain were concerned, by three Acts of 1888, 1891, and 1892. There is now no restriction placed upon the giving or devising of land to a corporate body, provided that certain formalities are observed and the

necessity of selling the same may be dispensed with if a proper case is made out to the satisfaction of the court. In fact, the ancient restrictions as to holding land in mortmain are practically obsolete, and corporate bodies are really in no different position from that occupied by individuals so far as the holding of land is concerned.

**MOSAIC GOLD.**—An alloy of copper and zinc, used in the manufacture of imitation gilt and bronze ornaments. It resembles gold in colour, and this resemblance is sometimes heightened by the addition of sulphuric acid. It is also known as *ormolu* (*qv*).

**MOSELE.**—The famous still and sparkling wines produced in the district of the Moselle (German, *Mosel*), a tributary of the Rhine. The aromatic flavour is due to an addition of tincture of elder flowers, which also increases the alcoholic strength of the beverage.

**"MOST FAVOURED NATION."**—This is a clause which appears in many commercial treaties, and in some diplomatic arrangements other than those dealing with trade. Its intent is to place the contracting parties in matters of commerce on more favourable terms with regard to each other than the rest of the world or certain stipulated parts of it are placed.

In virtue of treaties containing such clauses, there usually obtains in a country two rates of duties—one, the "general" tariff, which is only exceptionally operative, and which comprises duties on a higher scale; and the "conventional" tariff applicable to the countries with which treaties containing the clause have been concluded, and comprising duties on a lower scale.

An example of the clause with the general formula is that included in the commercial treaty concluded in 1905 between the United Kingdom and Rumania. The clause is, moreover, an excellent summary of the scope of the agreements arrived at, and may be quoted in full: "The contracting parties agree that, in all matters relating to commerce, navigation, and industry, any privilege, favour, or immunity which either contracting party has actually granted, or may hereafter grant, to the subjects or citizens of any other foreign State, shall be extended immediately and unconditionally to the subjects of the other, it being their intention that the commerce, navigation, and industry of each country shall be placed, in all respects, on the footing of the most favoured nation." The article does not of itself confer any particular and definite privilege, but evidently it may involve the granting of a great number. Its effect is to remove one of the obstacles to free interchange of goods and to widen the circle of exchanges by the lowering of duties. Trade is made "freer" by mutual concessions.

Owing to her "Free Trade" policy, the United Kingdom is in almost every instance on the "most favoured nation" footing. When a concession has been made by one country to another, the concession is as a matter of right extended to her. Her goods enter into all countries on terms which are at least as favourable as those accorded to the goods of other nations. This is of great advantage to her in the competition for the world's markets; and it is some alleviation of the hardship imposed on her by the erection of tariff walls to exclude her goods from certain markets. The United States may raise barriers against the entrance of her steel goods, but there is some consolation in

the fact that, in the rest of the world, these goods are admitted on the lowest terms. Still, it is matter for deliberation whether, if the introduction of her Free Trade system had been made more circum-spectly, her goods might not compete on more favourable terms still. We cannot use, as an inducement to others to make concessions, the offer to open our door further, when it is already as wide open as possible.

**MOTHER-OF-PEARL.**—Also called *nacre*. It is the iridescent lining of certain molluscs of the oyster family. It is much used in the manufacture of small ornamental articles, such as buttons, knife-handles, studs, etc. The supplies come principally from the Indian and Pacific Oceans, and from Australia.

**MOTIONS.**—A motion is a proposal stated in definite terms and placed before a meeting with a view to its adoption as the resolution of such meeting. There is thus, strictly speaking, a distinction between a motion and a resolution, the former being merely a proposal, whilst the latter represents the settled determination of the meeting. With regard to company meetings, however, motions, whether they have been agreed to by the meeting or not, are usually referred to as resolutions, and the word is used throughout this article in that sense.

When shareholders meet together in general meeting, they may individually and collectively express opinion with regard to the management and policy of their company, but the directors are bound to heed neither opinions nor suggestions unless such are embodied in properly adopted resolutions, that being the only way in which the members can effectively give expression to their corporate will. These resolutions may be either ordinary, extraordinary, or special resolutions.

An ordinary resolution is one which requires for its adoption no more than a bare majority of the votes of those present at the meeting or, if allowed by the articles of the company, represented by proxy. Such resolutions are used for more or less routine business, such as adopting the directors' report and accounts, sanctioning a dividend, and electing directors. Where the statute or a company's articles of association state that a certain matter must be effected by a resolution, without specifying the kind of resolution, it is understood that an ordinary resolution is implied.

Extraordinary and special resolutions are defined at length in Section 69 of the Companies (Consolidation) Act, 1908, as follows:—

"(1) A resolution shall be an extraordinary resolution when it has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a general meeting, of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.

"(2) A resolution shall be a special resolution when it has been—

"(a) passed in manner required for the passing of an extraordinary resolution; and

"(b) confirmed by a majority of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a subsequent general meeting, of which notice has been duly given, and held after an interval of not less than fourteen days, nor more than one month from the date of the first meeting."

To pass an extraordinary resolution, it is necessary that notice of the meeting should be given in the manner prescribed by the company's articles. The terms of the proposed resolution should be stated in the notice, which must intimate that it is the intention to propose the resolution as an extraordinary resolution. It must be passed by the majority laid down in the Act, viz., three-fourths of those *present* at the meeting or, if allowed by the articles, represented by proxy.

The resolution need not be passed in exactly the same terms as given in the notice, but the latitude for modifications should probably in no case be very great, since any alteration which rendered the notice misleading would invalidate the resolution if passed. (See also under ASSOCIATIONS.)

With regard to the required majority, it should be noted that this must be reckoned in relation to the number of persons *present*, and cannot be considered as a majority of three-fourths of the votes given, unless, of course, all those present vote. Any member present who abstains from voting does in effect vote against the resolution, and must be so counted when determining whether or not the resolution has been properly carried.

If a poll is duly demanded at a meeting where an extraordinary resolution is submitted to be passed or a special resolution is submitted to be passed or confirmed, the Act provides that in computing the majority, reference shall be had to the number of votes to which each member is entitled by the articles of the company.

To pass a special resolution, two meetings are necessary: The first to pass the resolution as in the case of an extraordinary resolution, and the second to confirm the resolution as passed at the first meeting. The majority at the first meeting must be three-fourths of those present and entitled to vote, or, if the articles allow, represented by proxy. The majority at the second meeting need only be a bare majority of those present and entitled to vote, the provision as to proxies applying equally. At the first meeting the resolution may be amended, provided the amendments do not go beyond the scope of the notice, but at the second meeting no alteration whatever is permissible.

If the first meeting is held on the first day of the month, the earliest day on which the second meeting can take place, in order to comply with the Act, will be the sixteenth of the same month, and the latest the second day of the month following.

The question of giving proper notice of the meetings for passing a special resolution has to be carefully considered. The provisions laid down in the company's articles relating to the giving of notices generally must be strictly followed. If there be no regulations in the articles to the contrary, the two meetings may be convened by a single notice, which will save work and reduce the cost of postage; the notice must, however, be worded so as to leave no doubt in the mind of the recipient that the second meeting will be held, for a notice to the effect that the second meeting will only take place contingently on the resolution being passed by the requisite majority at the first meeting has been decided by the court to be insufficient notice of the second meeting, and the resolution, although passed and confirmed, would be rendered void in consequence. Should the articles contain a clause giving specific permission for contingent notice of the kind mentioned, then such notice will be good. (See NOTICE.)

From the point of view of efficiency it is undoubtedly preferable to issue a separate notice for each meeting, giving with the notice for the second meeting a short statement of the proceedings at the first, so that shareholders who may have been absent may know how matters stand, and thus be enabled the better to form an opinion as to whether or not their interests demand their presence at the confirmatory meeting.

The notice convening the first meeting should set out the terms of the proposed resolution, and intimate that it will, if passed, with or without modification, be submitted at a subsequent meeting, of which due notice will be given, for confirmation as a special resolution. The notice of the second meeting should give the exact wording of the resolution as passed, and state the intention to submit it for confirmation as a special resolution.

Section 70 of the 1908 Act prescribes that a copy of every special and extraordinary resolution shall, within fifteen days from the confirmation of the special resolution, or from the passing of the extraordinary resolution, as the case may be, be printed and forwarded to the registrar of companies. Where articles have been registered, a copy of every special resolution for the time being in force shall be embodied in or annexed to every copy of the articles issued after the confirmation of the resolution; and, where articles have not been registered, a copy of every special resolution shall be forwarded in print to any member at his request on payment of 1s. or such less sum as the company may direct. The Act imposes penalties on the company and its directors should default be made in complying with the provisions of the Section.

As already stated, for the ordinary business of a company, neither extraordinary nor special resolutions are necessary, and in the lives of most undertakings, when matters are following a normal course, they are rarely resorted to. To effect certain business, however, it is obligatory under the 1908 Act to proceed either by extraordinary or special resolution, and that notwithstanding anything in the articles to the contrary. (See SPECIAL RESOLUTION, EXTRAORDINARY RESOLUTION, MEETINGS.)

No resolution may be passed at the statutory meeting of a company unless notice thereof has been given to the members in accordance with the articles, although those present at the meeting are at liberty to discuss any matter relating to the formation of the company or arising out of the statutory report.

No resolution may be passed at an extraordinary meeting, except such as relates to the special business for which the meeting has been convened.

At company meetings it is usual for the various resolutions to be proposed by one director and seconded by another. Very frequently the chairman acts as proposer. It is, however, inadvisable for directors to take an active part in the election of the auditors, and any proposition in this respect comes best from a private member of the company.

The meetings should be conducted, as far as practicable, in accordance with the rules governing public meetings generally, and it will be for the chairman to decide what resolutions he will allow to go before the meeting and those he will not, always bearing in mind the restricting effect of the convening notice. The chairman must, however, be cautious when rejecting a motion, since part or all of the business transacted at the meeting may be rendered void if a motion or amendment which

ought to have been allowed is improperly rejected by the chairman.

Company meetings, unlike many other descriptions of public meetings, are convened for the express purpose of transacting some specified business and of coming to a definite conclusion with regard thereto; further, such meetings are held in most cases so as to comply with the law, and the chairman will almost certainly be acting rightly in disallowing any motion of the kind known as "dilatory," *e.g.*, "the previous question," which threatens to render the proceedings abortive.

It is the chairman's duty to put resolutions to the meeting for voting purposes and to declare the result of the voting, and in this connection, Clause 69 (s. 3) provides that at any meeting at which an extraordinary resolution is submitted to be passed or a special resolution is submitted to be passed or confirmed, a declaration of the chairman that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution, although if the chairman gives the figures for and against, and it is apparent from such that the resolution has *not* been carried, his declaration that it has will not be considered conclusive.

There is no obligation, unless imposed by the company's articles, for either motions or amendments to be seconded at company meetings; indeed, it has been held that a resolution simply put to the meeting from the chair without being formally proposed will be valid if passed. It is, however, usual and desirable that the practice followed at public meetings generally should obtain, and that all motions at company meetings should be both proposed and seconded.

**MOTOR CAR.**—All matters connected with the licensing of motor cars are noticed under the heading **LICENCES, LOCAL TAXATION.**

No person is permitted to drive a motor car upon a public highway unless he has obtained a licence from the council of a county or a county borough, and no owner may employ a servant to drive unless the servant is licensed. The licence is in addition to the annual licence required for keeping a motor car. The licence is not a certificate of proficiency or even capacity in any respect, as it is granted upon a simple application and upon the payment of the duty to any person who asks for the same, provided only that he is over the age of seventeen. The age limit is fourteen in the case of motor cycles. The licence is to be renewed every twelve months. The possessor must exhibit it on demand being made by a police constable, under liability to a fine of £5 for refusal.

There are numerous regulations under the Motor Car Act, 1903, for a contravention of which different penalties are prescribed. The principle of these relate to reckless driving, exceeding the speed limit, giving a false name and address, driving an unregistered car or one of which the identification mark is improperly fixed or obscured, failing to produce a licence, fraudulently tampering with the number of a car, and refusing to stop in case of accidents. If a person is convicted of any of the offences hereinbefore mentioned, the fact of such conviction may be ordered to be indorsed upon the licence, and this will have an effect upon the justices before whom any case relating to a subsequent offence is brought.

The driver of a motor car must obey the rules of the road in the same way as any other rider or driver. He is also under the further obligation of stopping when called upon to do so by a person driving or having charge of a horse, or by a police constable in uniform. Again, if an accident happens to any person, whether riding or on foot, or to any horse or vehicle in charge of any person, owing to the presence of the motor car on the road, the driver of the car must stop, and, if required to do so, give his name and address, and also the name and the address of the owner, and the registration mark and number of the car. Any contravention of these rules and regulations renders the offender liable to heavy penalties.

The first section of the Act of 1903 makes special provision as to reckless driving. "Any person who drives a car recklessly or negligently, or at a speed, or in a manner which is dangerous to the public, having regard to all the circumstances of the case, including the nature, condition, and use of the highway, and to the amount of the traffic which actually is at the time, or which might reasonably be expected to be on the highway" is guilty of an offence under the Act. A person who commits such an offence as before mentioned may be arrested by a police constable, without warrant, if he fails to give his name and address, or if the motor car does not bear the mark or marks of identification.

The vexed question of the rate of speed is provided for by section 9 of the Act of 1903. No person may, under any circumstances, drive a motor car on a public highway at a speed exceeding twenty miles per hour, and, within any limits or place referred to in regulations made by the Government with a view to the safety of the public, on the application of the local authority of the area in which the limits or place are situated, the limit of speed is fixed at ten miles per hour. A person who acts in contravention of this provision is liable, on summary conviction, in respect of the first offence to a fine not exceeding £10, in respect of the second offence £20, and in respect of any subsequent offence £50. But no person may be convicted under the provision for exceeding the speed limit merely on the opinion of one witness as to the rate of speed. There are certain preliminaries to be observed if a prosecution is intended, but these are questions of practice, which need no notice here.

Where a local authority limits the rate of speed in accordance with the regulation of the Local Government Board, public notice must be given of the limitation by means of boards, etc., placed in conspicuous positions on or near the highway or the limits or place to which the regulation refers. There is also a duty imposed upon every local authority to give warnings to motor car drivers of dangerous corners, cross roads, and precipitous places wherever such appear necessary.

There is always a right of appeal to Quarter Sessions when a fine is imposed exceeding twenty shillings in amount. There is likewise a right of appeal if the court orders a licence to be withheld on the ground of an offence against any of the rules hereinafter set out.

For the identification of motor cars, certain marks and numbers are registered. By means of this registration it is always possible to trace the owner of a motor car which is in any default. The marks for different parts of the United Kingdom are shown in the following article.

**MOTOR INDEX MARKS.**—The following is a list of Registering Authorities in the United Kingdom, showing the Index Marks—

| <i>County Councils</i> |     |                    |
|------------------------|-----|--------------------|
| Anglesey               | I Y | London {           |
| Bedfordshire           | B M |                    |
| Berkshire              | B I |                    |
| Breconshire            | I I |                    |
| Buckinghamshire        | B H |                    |
| Cambridgeshire         | C F | Middlesex {        |
| Cardiganshire          | L J |                    |
| Carmarthenshire        | B N | Monmouthshire A X  |
| Carnarvonshire         | C C |                    |
| Cheshire               | M   | Northants B D      |
| Cornwall               | A F |                    |
| Cumbria                | A O | Oxfordshire B W    |
| Denbighshire           | C A |                    |
| Derbyshire             | R   | Pembrokeshire D I  |
| Devonshire             | F   |                    |
| Dorset                 | F N | Salop A W          |
| Durham                 | J   |                    |
| Elly, Isle of          | L B | Somerset Y         |
| Essex                  | I   |                    |
| Gloucestershire        | L   | Staffordshire E    |
| Gloucestershire        | A D |                    |
| Herefordshire          | C J | Suffolk F          |
| Hertfordshire          | A R |                    |
| Huntingdonshire        | F W | Surrey {           |
| Kent                   | D   |                    |
| Lancashire             | B   | Sussex L           |
| Leicestershire         | A Y |                    |
| Leicestershire         | B   | Warwickshire A C   |
| Leicestershire         | A Y |                    |
| Leicestershire         | D O | Wiltshire {        |
| Leicestershire         | C I |                    |
| Leicestershire         | B F | Worcestershire A B |
| Leicestershire         | A   |                    |
| Leicestershire         | L A | Yorkshire (E R)    |
| Leicestershire         | L B |                    |
| Leicestershire         | L D | Yorkshire (N R)    |
| Leicestershire         | L E |                    |
| Leicestershire         | L F | Yorkshire (W R)    |
| Leicestershire         | L H |                    |

*County Councils*

|                   |     |                        |
|-------------------|-----|------------------------|
| Barnsley          | H I | Croydon B Y            |
| Barrow-in-Furness | E O |                        |
| Bath              | F B | Darlington H X         |
| Birkenhead        | C M |                        |
| Birmingham        | O A | Derby C H              |
| Birmingham        | O B |                        |
| Blackburn         | C B | Devonport D R          |
| Blackpool         | F R |                        |
| Bolton            | B N | Dewsbury H D           |
| Bootle            | E M |                        |
| Bournemouth       | E I | Dudley C D             |
| Bradford (Yorks)  | A K |                        |
| Brighton          | C D | Eastbourne H C         |
| Bristol           | A L |                        |
| Burnley           | C W | East Ham H A           |
| Burnley           | C W |                        |
| Burnley           | C W | Exeter P J             |
| Burnley           | C W |                        |
| Burnley           | C W | Gateshead C N          |
| Burnley           | C W |                        |
| Burnley           | C W | Gloucester F H         |
| Burnley           | C W |                        |
| Burnley           | C W | Great Yarmouth E L     |
| Burnley           | C W |                        |
| Burnley           | C W | Grimsby A L            |
| Burnley           | C W |                        |
| Burnley           | C W | Haltwhistle C P        |
| Burnley           | C W |                        |
| Burnley           | C W | Hastings D Y           |
| Burnley           | C W |                        |
| Burnley           | C W | Huddersfield C X       |
| Burnley           | C W |                        |
| Burnley           | C W | Ipswich D N            |
| Burnley           | C W |                        |
| Burnley           | C W | Kingston-upon-Hull A T |
| Burnley           | C W |                        |
| Burnley           | C W | Leeds C                |
| Burnley           | C W |                        |

|                     |     |                     |
|---------------------|-----|---------------------|
| Leicester           | B C | Salford B A         |
| Lincoln             | F I |                     |
| Liverpool           | K   | Sheffield W         |
| Liverpool           | K B |                     |
| Manchester          | N   | Smetwick H A        |
| Manchester          | N A |                     |
| Manchester          | N B | Southampton C R     |
| Manchester          | N B |                     |
| Merthyr Tydfil      | H B | Southend-on-Sea H J |
| Middlelaough        | D C |                     |
| Newcastle-upon-Tyne | B B | South Shields C U   |
| Newcastle-upon-Tyne | B B |                     |
| Newport (Mon)       | D W | Stockport D B       |
| Northampton         | N H |                     |
| Northampton         | N H | Stoke-on-Trent I H  |
| Northampton         | N H |                     |
| Northampton         | N H | Sunderland B R      |
| Northampton         | N H |                     |
| Northampton         | N H | Swansea C A         |
| Northampton         | N H |                     |
| Northampton         | N H | Tynemouth I I       |
| Northampton         | N H |                     |
| Northampton         | N H | Wakefield H I       |
| Northampton         | N H |                     |
| Northampton         | N H | Walsall D H         |
| Northampton         | N H |                     |
| Northampton         | N H | Wallasey H F        |
| Northampton         | N H |                     |
| Northampton         | N H | Warrington F D      |
| Northampton         | N H |                     |
| Northampton         | N H | West-Bromwich I A   |
| Northampton         | N H |                     |
| Northampton         | N H | West-Ham A N        |
| Northampton         | N H |                     |
| Northampton         | N H | West-Hartlepool F I |
| Northampton         | N H |                     |
| Northampton         | N H | Wigan I K           |
| Northampton         | N H |                     |
| Northampton         | N H | Wolverhampton D A   |
| Northampton         | N H |                     |
| Northampton         | N H | Worcester F K       |
| Northampton         | N H |                     |
| Northampton         | N H | York D N            |
| Northampton         | N H |                     |

*County Councils*

|          |     |                     |
|----------|-----|---------------------|
| Aberdeen | S A | Kirkcaldy S W       |
| Argyll   | S B |                     |
| Ayr      | S D | Lanark V            |
| Baird    | S I |                     |
| Baird    | S I | Middletown S S      |
| Baird    | S I |                     |
| Baird    | S I | Nairn A S           |
| Baird    | S I |                     |
| Baird    | S I | Orkney B S          |
| Baird    | S I |                     |
| Baird    | S I | Perth I S           |
| Baird    | S I |                     |
| Baird    | S I | Rendow H S          |
| Baird    | S I |                     |
| Baird    | S I | Ross & Cromarty J S |
| Baird    | S I |                     |
| Baird    | S I | Rocheburg K S       |
| Baird    | S I |                     |
| Baird    | S I | Selkirk I S         |
| Baird    | S I |                     |
| Baird    | S I | Stirling M S        |
| Baird    | S I |                     |
| Baird    | S I | Sutherland N S      |
| Baird    | S I |                     |
| Baird    | S I | Wigton O S          |
| Baird    | S I |                     |
| Baird    | S I | Zetland P S         |
| Baird    | S I |                     |

*Town Councils*

|           |     |              |
|-----------|-----|--------------|
| Aberdeen  | R S | Greenock A S |
| Dundee    | I S |              |
| Edinburgh | S   | Leith W S    |
| Glasgow   | G   |              |
| Govan     | I S | Paisley X S  |
| Govan     | I S |              |

*County Councils*

|        |     |                     |
|--------|-----|---------------------|
| Antrim | I A | Londonbury I W      |
| Armagh | I B |                     |
| Armagh | I B | Longford I X        |
| Armagh | I B |                     |
| Armagh | I B | Louth I Y           |
| Armagh | I B |                     |
| Armagh | I B | Mayo I Z            |
| Armagh | I B |                     |
| Armagh | I B | Meath A I           |
| Armagh | I B |                     |
| Armagh | I B | Monaghan B I        |
| Armagh | I B |                     |
| Armagh | I B | Queen's Co. C I     |
| Armagh | I B |                     |
| Armagh | I B | Roscommon D I       |
| Armagh | I B |                     |
| Armagh | I B | Shannon E I         |
| Armagh | I B |                     |
| Armagh | I B | Tipperary (N R) F I |
| Armagh | I B |                     |
| Armagh | I B | Tipperary (S R) H I |
| Armagh | I B |                     |
| Armagh | I B | Tyrone I I          |
| Armagh | I B |                     |
| Armagh | I B | Waterford K I       |
| Armagh | I B |                     |
| Armagh | I B | Westmeath L I       |
| Armagh | I B |                     |
| Armagh | I B | Wexford M I         |
| Armagh | I B |                     |
| Armagh | I B | Wicklow N I         |
| Armagh | I B |                     |

*Councils of County Boroughs*

|         |       |             |       |
|---------|-------|-------------|-------|
| Belfast | O. I. | Limerick    | T. I. |
| Cork    | P. I. | Londonderry | U. I. |
| Dublin  | R. I. | Waterford   | W. I. |

**MOULDINGS.**—More or less ornamental edgings or borders for picture frames, panels, doors, etc. Sweden exports large quantities of the cheaper sort.

**MUDAR.**—An Indian plant, of which both the powdered bark and the inspissated juice are useful in medicine, the latter as a purgative and the former in cases of dysentery. A strong fibre resembling hemp is also obtained from the bark.

**MULBERRY.**—The mulberry tree is chiefly valuable as providing the food of silkworms. It grows abundantly in India, China, and Japan, and to a certain limited extent in England. The *Morus alba* and the *Morus nigra* are the two principal species. The latter yields a juicy, edible fruit, somewhat acid in taste. Paper is manufactured from another species grown in the East.

**MULTIPLE COST ACCOUNTS.**—This is a method of cost keeping applicable to undertakings in which a number of products are involved bearing little or no apparent relation to each other in cost or selling price, e.g., cycles, hosiery, boots, furniture. (See *COST ACCOUNTS*, *COSTING*.)

**MULTIPLE SHOP, ORGANISATION OF.**—The multiple shop is a comparatively recent type of business. It stands out in contrast to a departmental store—the multiple shop business aiming at bringing its wares, by the carrying on of numerous shops and branches, as near to the customer as possible, while the departmental store keeps all its goods under one roof. The former is distinguished by its number of shops, the latter by its variety of articles sold. The multiple shop business may be defined as a business which owns branch shops all over a locality, or all over the country, which always sells for cash, and supplies its branches from headquarters which, frequently, are a factory in a central town. Very often the goods dealt in are limited to those which the business manufactures itself, but it frequently happens that it finds it convenient to purchase other goods to be sold along with its own. An example comes to mind. Lipton's, a firm which, although primarily interested in the sale of tea, deals in many other commodities for the reason that, at the present time, customers do not as a rule care to buy their tea at a separate shop. An argument often advanced in favour of the multiple shop is that the producer or manufacturer, by that system, endeavours to market his wares direct to the public, thus cutting out the profits of the middleman and so being able to sell his things at less than the prices ranging in the ordinary retail shops. With regard to organisation of a multiple shop, this will combine the two different types—retail and wholesale organisation. This is dealt with in separate articles, so that it need not receive further attention here. The central idea of the multiple shop system is to give a known service, or a known quality of article, as near to the customer's home or business as possible. The effect of this is that, when the customer is in another district or town, he will go to the branch of the multiple shop which bears the particular trade name known to him, for the particular kind of service or commodity which he knows he can obtain there.

**MULTIPLE TELEGRAMS.**—These are telegrams which are sent to several persons residing in the same town, or to one person who has several residences or addresses in the same town or place.

**MUM.**—A sort of dark, sweetish beer made in Germany from wheat malt, either with or without an addition of oatmeal and bean meal.

**MUNDIC.**—A Cornish name for iron pyrites, a bronze-coloured ore, consisting of iron and sulphur.

**MUNGO.**—Wool waste obtained from the factory, or by tearing up and cleaning worn and ragged woollen goods. It is used in the manufacture of shoddy (*q.v.*).

**MUNICIPAL LEGISLATION.**—Among the numerous Acts of Parliament dealing with local administration the most important positions are undoubtedly occupied by the Public Health Act, 1875, with its many amending Acts, the Municipal Corporations Acts, the Local Government Acts, and the several Acts concerning the government of the metropolis. Most of the existing local authorities (excluding those appointed for the administration of the poor laws) derive their general powers from these statutes.

The Public Health Act, 1875, consolidated all the previous enactments relating to public health, and divided the country into urban and rural districts, under the jurisdiction of sanitary authorities. The powers granted by this Act and its amendments are of a very extensive nature, and form a large part of the duties with which urban and rural district councils are entrusted. To enable the authorities to meet the expenses incurred by them in the execution of the Act, provision is made for the levying of a general district rate in urban districts and general expenses and special expenses rates in rural districts. The authorities are also empowered to borrow money for various purposes.

The Municipal Corporations Act, 1882, repealed the first Act of that title passed in 1835 and consolidated the subsequent amending Acts. It contains provisions as to the constitution of the councils of corporate boroughs and also as to the general governing powers to be exercised by them. Authority is given for the levying of a borough rate and for the borrowing of money required for the purposes of the Act.

The Local Government Act, 1888, established the county councils and transferred to them many of the powers formerly exercised by justices in quarter sessions, besides conferring upon them various other administrative functions. Many large towns, either possessing populations of not less than 50,000, or which were counties of themselves, were created county boroughs and endowed with all or nearly all the powers of county councils. This Act also abolished the Metropolitan Board of Works, which for thirty-three years had acted as the central governing authority of the metropolis, and established the London County Council in its stead.

The Local Government Act, 1894, granted powers for the formation of urban district councils to take the place of the local boards of health and improvement commissioners formerly governing towns not possessing the privileges of incorporation. For the purposes of the Public Health Act, 1875, it made the urban district councils and municipal corporations the sanitary authorities for their districts. It also constituted rural district councils, and entrusted them with the duties of sanitary authorities previously discharged by the guardians of the poor. Parish councils were appointed for every rural

parish having a population of 300, and parish meetings for parishes with less than that number of inhabitants. One of the effects of this Act was to abolish a considerable amount of overlapping in local administration by reducing the 27,000 or more separate bodies having jurisdiction over the various areas to about 19,000.

The following Acts specially concern the government of the metropolis—

**Metropolis Management Act, 1855.** Prior to the passing of this Act the administration of the metropolitan area outside the City of London was in the hands of numerous small bodies deriving their powers from some 250 local Acts as well as from general Acts. The districts for the most part were quite independent of each other, and no general system of administration was followed. In substitution for this state of chaos, thirty-nine local management areas (subsequently increased to forty-one) were created and definite duties given to the authorities governing them, the Metropolitan Board of Works being appointed the central authority to exercise jurisdiction over matters which concerned London as a whole. The composition of these bodies has been changed by subsequent legislation, amendments have been made to the Act, and some of its sections have been repealed or re-enacted by later statutes, but many of the original provisions are still carried out by the existing authorities.

**Public Health (London) Act, 1891.** This Act did in some measure for London what the sanitary provisions of the Public Health Act, 1875, did for the rest of England and Wales, by repealing, consolidating, and extending the previous enactments (numbering no less than thirty-five) relating to public health in the metropolis. Existing local bodies were created the sanitary authorities for the purposes of the Act, and various powers were given to the London County Council, including jurisdiction over the sanitary authorities in certain respects.

**London Building Act, 1894.** The complicated provisions of the various Building Acts previously in force were consolidated by this Act, which also conferred further powers concerning the width and direction of streets, the sound construction of buildings, and many other matters.

**London Government Act, 1899.** The forty-one local management areas (vestries and local boards) created by the Metropolis Management Acts were by this Act abolished, and local government was further simplified by the formation of twenty-eight metropolitan boroughs. Many important alterations were made in local administration, including the establishment of a reformed system of rating, and increased duties were placed upon the new authorities. The City of London, however, was left practically untouched.

The foregoing Acts of Parliament may be said to provide the framework of existing local government in England and Wales, but they by no means represent the extent of the powers which may be exercised by local authorities, there being many special enactments which these are called upon to enforce, or which they have powers to adopt.

**MUNICIPAL TRADING.**—Under municipal trading it would be well to include only such activities of local authorities as enter into competition with industrial enterprise, such, that is, as are "for profit and not for use." Such duties

as the cleansing and lighting of the streets it could not be to the profit of any individual or small number of individuals to undertake at their own expense, and these belong, therefore, not to the optional, but to the necessary functions of government. But it is not imperative—and many maintain it is inadvisable—to provide a municipal race-course as at Doncaster, municipal music-halls, theatres, golf-links, swimming-baths, wash-houses, or milk for babies. And now that demands for further extension of local activities are rife, one anxiously inquires whether there is any principle decisive as to the expediency or otherwise of the assumption of new duties by already overburdened bodies.

At first sight, it certainly seems that duties which private agency performs even tolerably well should be left to that agency: the chances of collision between the private citizen and the agents of government are quite enough as things are. Increase the chances of collision and you widen rather than narrow the breach between the governing powers and the governed, and the ideal State is that in which all the actions of the government have the hearty support of the community.

It must at once be admitted that certain businesses of great public service, such as the provision of pure water for a modern city, with its packed populace—can be with advantage conducted only on so large a scale that "liberty of competition" is an empty phrase. With or without a charter, a monopoly is sure to be established, with its concomitant power of taxing the community. Now, if there is a just principle in taxation, it is that the State alone should call for compulsory payments, but where monopolists may fix their prices at pleasure, we are subjected to other than State exactions, local or imperial. A necessity of life, such as water, and in our dismal climate we may add light, is paid for at the rate demanded, and usually with at least as little demur as at the income tax. The Londoner does not regard his water rate as at all distinct in nature from his poor rate. Nor is the argument in favour of private enterprise tenable—that its managers have a keener interest in their undertakings than public officials can possibly have. With our system of production on a large scale, the conduct of great operations by hired managers under the control of directors selected from among the shareholders, is the common fact nowadays; and the interests of the directors, as shareholders, will probably be quite equalled by the interest of the local councillors as ratepayers. The interest of the actual undertakers in the success of their undertaking may thus be slight when compared with the size of the undertaking, and this is just as true of large companies as it is of municipal undertakings.

Where delegated agency is practically unavoidable, it is apparent there is no valid reason why a local council may not obtain the most efficient managers, and, being willing to follow the advice of their official without too much captious criticism, perform the work just as well as a private company. Besides, though there is no such special prestige attaching to Government servants as exists in France, yet public appointments have a peculiar attraction for many men, so that the council is at an advantage when bidding for expert managers. To the good of municipal management we may also add the fact that the councillors are not wholly absorbed in a chase after gain, public



service, not high profit, is the prime motive. The larger outlook, the greater publicity, the wish to promote public well-being, which the most self-seeking councillor quickly acquires, act not simply as greater, but as higher, incentives to insure the best management.

From the nature of things, however, from the enforced routine, and natural disinclination to allow the official a free hand, some of the main factors of industrial success must be wanting in municipal work. The official, hampered by having to work under a committee—sometimes, indeed, under more than one—can hardly use to the utmost the qualities which make a private enterprise prosper: his ingenuity and speed in planning, his power of rapid action in unforeseen emergencies, his skill in getting willing and effective work out of his men and small scope. However eager and anxious for work at his first appointment, he speedily succumbs to the disease of official life. The forms of things begin to be worshipped rather than the essence of them. He begins to forget that he is appointed for the public good, and he quickly imbibes the idea that the public is created to give him a job, not that his job was devised for some public service. The "office" is the important thing, the great public outside is merely the *corpus vile* on which he is to exercise his administrative skill.

When weighing the merits against the demerits of State action, whether central or local, the commercial test is, of course, not conclusive. With no pecuniary returns whatever, outlays by the public often amply repay themselves, though indirectly, and the community, unlike the private firm, can dispense with profits in the service of the people. That is, it may do things *for itself* without looking for payment, just as many a woman makes her own dress or trims her own hat. The benefit to the public cannot be reckoned in money, any more than the wisdom of advances for a national system of education can be ascertained from a comparison of the fees received and the expenses incurred. The saving on prisons and workhouses, the increased worth of the finished machine as a wealth producer—taking the child in the lowest aspect—and a host of other things must find place in our accounts before a balance can be struck. Where the social benefit is great, profits may be disregarded; and a wise council will encourage the greatest use of water, light, transport facilities—all bearing directly on the health of the people—by making the payments not prices, but only fees covering cost, or even below cost. The limits of this civic housekeeping, however, provide much matter for debate. If sterilised milk is distributed, why not bread? If guards are provided to keep the child from fire, why not clothes to defend it from cold?

Municipal "trading" is, accordingly, not a quite fitting name, since the primary object is not dividend for the shareholders, but duty towards the ratepayers. A trading concern—a railway company, for instance—can find no consolation for lack of profits in the thought, galling rather than soothing, that the social benefits it confers greatly surpass its outlay. The eagerness with which shrewd councils invite the capitalist to settle in their districts shows that the fact is well enough grasped that, as a rule, the community reaps largely where the capitalist sows, and even in cases where the capitalist himself gathers only scanty harvests.

Sometimes, we hasten to add, the case is reversed—the capitalist gets the gains, the community bears the losses. The brewer, for instance, confers some service on the community: he provides something for which there is a demand; but he is not debited with the losses which his calling brings about. He pays no more than another to the hospitals, workhouses, prisons, and asylums; he gains the profits, the community bears the losses. If we may use the language of economics: the utility conferred by him is recompensed in full, the disutility falls on others' shoulders.

The term "municipal socialism" is also seldom applicable. The undertakings are usually the result, not of any definite aim to obtain the control over the instruments of wealth production, but of (1) a wise wish to preserve to the council the rule over streets and dwellings; (2) the desire to raise funds, otherwise than from rates, to carry out the multiplied duties which enlightened public spirit calls for. "The Council of a great city," said Mr Chamberlain, when, as Mayor of Birmingham, he advocated the purchase of the gasworks by the Corporation, "possesses a considerable amount of business ability and commercial experience, and its members are animated by perfect disinterestedness in their service to the town. I hold distinctly that all monopolies which are sustained in any way by the State ought to be in the hands of the representatives of the people, by whom they should be administered and to whom the profits should go. At present we have inadequate means for discharging all the obligations and responsibilities devolving upon us, and I believe that the pressure of the rates will become intolerable unless such compensation can be found in such a proposal as that before us. The purchase will help to relieve the ratepayers of burdens which are every day becoming more oppressive." No unconscious adoption of the tenets of the Socialists, no permeating of the public with their doctrines, has led to the late enormous extensions of municipal action, but a very intelligible desire to realise for the public the profits of a monopoly. The modern community has so many duties to perform which necessitate constant outlay that, if there were no alleviation, the burden of the rates would soon be well-nigh intolerable.

An argument in favour of municipal action is that a municipality can always undersell a private company, because it has an unlimited supply of cheap capital. "The borough treasurer has only to hold up his finger" and he gets as much money as he wants at less per cent than does the private capitalist.

This is hardly correct: the market is at present overstocked with municipal securities, and a loan could not be floated on favourable terms. Some corporations have even begun to compete with banks for deposits, owing to the difficulty of raising money otherwise; and it would prove absolutely nothing as to the expediency of municipal action that people were willing to lend, not in reliance on the success of the undertaking, but "on the security of the rates." In using the argument, indeed, the advocates of municipal trading deliver themselves over bound to their opponents. The stock contention of the latter is that losses in one direction would be met by payments from other resources at the disposal of the community; but processes similar to the raising of fresh loans on mortgage cannot continue indefinitely. Added

patronage in the council's possession in the making of appointments and the giving out of contracts is dearly purchased by the discredit of the town. There will, then, be no refuge from the necessity of higher rates. And the "shopkeeper who in his corporate capacity as a citizen constituent of the local governing body," could raise municipal capital at 5 per cent, will not bless, but curse, when he has to borrow on his personal credit at 8 per cent to pay his rates.

The danger of corruption from the entrance of the public authorities into industrial life appears to be over-rated, though it certainly is not absent. "If a dominant proportion of the voters in each constituency are in the pay of the State or the municipality, it is idle to suppose that the relations between the representative and his electors can long be kept distinct from the relations between the employer and the employed. The temptation of the representatives to use public money and public works as a means of electioneering, and the temptation of the electors to use their political power as a means of obtaining trade advantages for themselves will soon become irresistible, and the floodgates of corruption will be opened." But the danger is slight where the community is active and inquiring, and the Press is unfettered and uncorrupt. And in the case of municipal undertakings success or failure is more easily estimated than in the case of national affairs; and responsibility for success or failure can usually be fixed pretty accurately.

**MUNIMENTS.**—The word is derived from the Latin, *muno*, I fortify. These are the documents by which a person holds or maintains his rights and claims.

**MUNTZ METAL.**—A sort of brass, consisting of copper and zinc, and used as a cheap and serviceable substitute for the former metal for sheathing ships' bottoms. It is chiefly manufactured in England.

**MUSCATELS.**—The name given to certain rich sweet wines of France and Italy, and also to the grapes from which they are made. The Lacryma Christi of Naples is the most celebrated Italian wine of this class. The dried grapes are exported and used as dessert, usually together with almond nuts. The name is variously spelt muscadell, muscadine, and muscadel.

**MUSHROOMS.**—Edible fungi, valuable as a table delicacy. They grow best at a uniform temperature of 50° Fahr.

**MUSK.**—A secretion contained in a small gland of the male musk deer, which is found in the mountainous regions of East and Central Asia. The musk pouch is cut from the animal immediately after it is killed. The odoriferous substance itself is of great value to perfumers. Great Britain's supplies come from India and China. An artificial product is prepared from coal tar in Germany. The musk-ox, musk-rat, and the civet also possess musk glands, and a plant with a similar odour as the *Mimulus moschatus*, commonly called musk.

**MUSLIN.**—A fine, open, cotton fabric, of which the best varieties are still produced in India, Dacca, Madras, Jajpur, and Haiderabad, being the chief centres of the industry. It has been made in Europe since the end of the eighteenth century, and Manchester is now the most important seat of the manufacture, which is also carried on at St Quentin, in France. The fabric was first produced at Mosul, in Mesopotamia, and owes its name to this fact.

**MUSQUASH.**—Also called musk-rat. It is an aquatic rodent of North America, with black or brown fur similar to that of the beaver. The skins are exported to England and other countries for use as stoles, muffs, capes, coats, etc.

**MUSSELS.**—Edible shell-fish found in abundance off the coasts of Great Britain, France, and Holland, chiefly in the mouths of rivers. The last named is the principal exporting country. Care must be taken in eating mussels, as they frequently contain impurities of the same nature as those to which oysters are subject. In addition to their use as a food, they are frequently employed as a bait and as a manure. The fresh water variety occasionally contains pearls.

**MUSTARD.**—The well-known condiment obtained from the seeds of the *Sinapis alba* or white mustard, and *Sinapis nigræ* or black mustard. The former is most used in England, and is partly grown in the Eastern Counties and partly imported from India. Black mustard is more pungent, and is preferred on the Continent. Mustard owes its pungent properties to the presence of an acrid volatile oil.

**MUSTER.**—The sample, or collection of samples taken from the bulk of any merchandise which serves as a specimen of the whole. Hence we get the phrase "to pass muster," which signifies that the bulk is equal in all respects to sample, i.e., that it will pass inspection.

**MUSTER ROLL.**—The book kept on board ship, in which are entered the names, ages, qualities, professions, places of residence and birth of all persons who are on board.

**MUTILATED BILL OR CHEQUE.**—Sometimes a bill, like a bank note, is cut into two parts for the purpose of transmission by post, to avoid loss. There is no difficulty in piecing together the parts of a bank note and in ascertaining that they were originally one. But if a bill has been cut in two, no banker would pay the same unless he was notified that there was good reason for the division. If the bill has been cut or torn with the apparent object of canceling it, the banker should, unless it is guaranteed by another banker, obtain the confirmation of the acceptor.

If a cheque is presented for payment which has been torn to such an extent as to suggest that it has been so torn with the object of canceling it, the banker may be liable if he pays it and it is subsequently found that the drawer had torn up the cheque purposely. It is the custom for a banker to return such a cheque (unless confirmed by the drawer) marked "cheque mutilated," or "cheque torn", but if a note is written upon the cheque by the collecting banker that the cheque was accidentally torn by him, or that he guarantees it, the paying banker usually accepts such an explanation or guarantee as sufficient. It is not the practice to accept such an explanation if it is made by the payee or the holder.

**MUTUAL CREDIT AND SET-OFF.**—A person who has dealings with a man who becomes bankrupt may find that when the bankruptcy supervenes his position is somewhat better than that of an ordinary creditor. Suppose, for instance, a butcher owes a builder £100 for work done, and the builder owes the butcher £150 for meat supplied. If the builder becomes bankrupt, the butcher could prove for £50. He would not have to pay the builder's trustee £100, and then be left to take his chance of a dividend on his £150, which might be

only is in the £. This result is effected by what is known as the doctrine of mutual credit and set-off. Thus it is provided by Sect. 31 of the Bankruptcy Act, 1914, that where there have been mutual credits, mutual debts, or other mutual dealings between a debtor against whom a receiving order is made, and any other person proving or claiming to prove a debt under such receiving order, an account is taken of what is due from the one party to the other in respect of such mutual dealings, and the sum due from the one party must be set off against any sum due from the other party, and the balance of the account, and no more, can be claimed, or paid on either side respectively. A person cannot, however, under this Section claim the benefit of any set-off against the property of a debtor in any case where he had, at the time of giving credit to the debtor, notice of an available act of bankruptcy committed by the debtor.

It will be noticed that the term "mutual credit" is used. This extends the right of set-off to cases where the party receiving credit is not debtor *in presenti* to him who gives the credit. For example, in the case above-mentioned, the butcher would be entitled to his set-off, although the £100 was not due at the date of the bankruptcy. The right to set off only arises where the claims can be reduced to money payment. A money payment cannot be set off against goods. The principle applies, however, to all demands provable in bankruptcy, and it, therefore, includes claims for damages liquidated or unliquidated, provided they arise out of contract. For instance, if the bankrupt owed a sum of money in respect of goods supplied, and there was a claim for damages, there might be a set-off. The debts, etc., must exist between the same parties, and must be due in the same right. Thus a debt to a firm could not be set off against a debt from a single member of the firm. Nor could a

debt due from a man be set off against a debt due to him as executor or trustee. It will be seen that, having regard to what is stated above, mutual credit or set-off may confer upon a man many of the advantages enjoyed by a secured creditor.

**MUTUAL LIFE INSURANCE COMPANY.**—This is the name which is commonly applied to a life insurance company in which there are no shareholders, but in which the profits belong to and are divided amongst the insured, either by means of cash payments, or by a reduction of the premiums payable, or by periodical additions to the amounts of the policies.

**MYALL WOOD.**—The hard, fragrant wood of various Australian acacias, used in the manufacture of tobacco pipes and whip handles. Unfortunately the fragrance is lost during the process.

**MYRIAGRAMME.**—This is a metric measure of weight, consisting of 10,000 grammes, and equal to 22.046 lbs. avoirdupois, or 321½ ounces troy.

**MYRIAMETRE.**—This is a metric measure of length, equal to about 6½ miles, or, more correctly, to 6.214 miles.

**MYROBALAN.**—The fruit of an Indian plant, from which a useful hair oil is obtained. The ground nut, sometimes known as Gedda nut (*qv*), is used in tanning, and also by calico printers for obtaining a permanent black dye.

**MYRRH.**—The resinous exudation, consisting of gum, resin, and an essential oil, which is obtained from the aromatic bark of an Arabian plant, the *Balsamodendron myrrha*. It has a bitter taste and an odour like balsam. It is used as a tonic in medicine, as a constituent of tooth powders, and as incense.

**MYRTLE WAX.**—(See CANDLEBERRY.)

**MYSTION.**—(See FOREIGN WEIGHTS AND MEASURES—GRUCE.)

**[N]**

**N**—This letter is used in the following abbreviations—

|        |                                      |
|--------|--------------------------------------|
| N/A.   | New Account                          |
| N/A.   | No Advice, No Account                |
| N/A.   | Non-acceptance                       |
| N/B.   | Take notice (Latin, <i>nō bōne</i> ) |
| N/E.   | No Effects                           |
| N/F.   | No Funds                             |
| N/N.   | Not to be Noted                      |
| N/O.   | No Orders                            |
| No.    | Number                               |
| N/P.   | Notary Public                        |
| N/P.F. | Not Provided For                     |
| N.S.   | New Style                            |
| N/S.   | Not Sufficient                       |
| N.S.F. | Not Sufficient Funds                 |

**NAILED**—Spikes of iron or other metal, varying in size and shape according to the purpose for which they are required. Among the smallest are the so-called needle points made of steel, used by joiners to fasten mouldings. French nails have large brass heads. They are particularly strong, and may be obtained in various sizes, e.g., 2 in., 2½ in., 3 in., etc. Clout nails are made of copper or some alloy, and are employed in roofing. Since the beginning of the nineteenth century nails have been manufactured almost entirely by machinery, the United States having given the lead in this respect. Birmingham and Dudley are the chief centres of the trade in England.

**NAKED DEBENTURE**.—This is the name given to a debenture which is not secured by any mortgage or charge upon the property of a company, but is a mere acknowledgment of a debt.

**NAME, CHANGE OF**.—(See CHANGE OF NAME.)

**NAME DAY**.—The second day of the settlement on the Stock Exchange. It is also known as Ticket Day. A settlement consists of three days, for mining securities, four days. (See SETTLING DAYS.)

**NAME OF COMPANY**.—The following are the statutory requirements as to the name of a company set out in the Companies (Consolidation) Act, 1908:—

"Section 8. (1) A company may not be registered by a name identical with that by which a company in existence is already registered, or so nearly resembling that name as to be calculated to deceive, except where the company in existence is in the course of being dissolved and signifies its consent in such manner as the registrar requires.

"(2) If a company, through inadvertence or otherwise, is, without such consent as aforesaid, registered by a name identical with that by which a company in existence is previously registered, or so nearly resembling it as to be calculated to deceive, the first-mentioned company, may, with the sanction of the registrar, change its name.

"(3) Any company may, by special resolution, and with the approval of the Board of Trade signified in writing, change its name.

"(4) Where a company changes its name, the registrar shall enter the new name on the register in place of the former name, and shall

**[N]****[NAM]**

issue a certificate of incorporation altered to meet the circumstances of the case.

"(5) The change of name shall not affect any rights or obligations of the company, or render defective any legal proceedings by or against the company, and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

"Section 63. (1) Every limited company—

"(a) shall paint or affix, and keep painted or affixed its name on the outside of every office or place in which its business is carried on, in a conspicuous position, in letters easily legible.

"(b) shall have its name engraven in legible characters on its seal.

"(c) shall have its name mentioned in legible characters in all notices, advertisements, and other official publications of the company, and in all bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts, and letters of credit of the company.

"(2) If a limited company does not paint or affix, and keep painted or affixed, its name in manner directed by this Act, it shall be liable to a fine not exceeding five pounds for not so painting or affixing its name, and for every day during which its name is not so kept painted or affixed, and every director and manager of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

"(3) If any director, manager, or officer of a limited company, or any person on its behalf, uses or authorises the use of any seal purporting to be a seal of the company wherein its name is not so engraven as aforesaid, or issues or authorises the issue of any notice, advertisement, or other official publication of the company, or signs or authorises to be signed on behalf of the company any bill of exchange, promissory note, endorsement, cheque, order for money or goods, or issues or authorises to be issued any bill of parcels, invoice, receipt, or letter of credit of the company, wherein its name is not mentioned in manner aforesaid, he shall be liable to a fine not exceeding fifty pounds, and shall further be personally liable to the holder of any such bill of exchange, promissory note, cheque, or order for money or goods, for the amount thereof, unless the same is duly paid by the company."

"Limited" must be the last word in a limited company's name. Any persons using the word "limited," unless duly incorporated with limited liability, are liable to a fine not exceeding 15 a day.

The omission of the word "limited," as in an acceptance, may render the directors personally liable. Contractions of the word should not be used officially.

Companies or associations which do not exist for profit may be licensed by the Board of Trade as limited companies without the addition of "limited"

to the name. Examples of such associations are Town Planning Institute, Anglo-French Society, and Northern and Midland Counties Association.

**NANKEEN.**—A fabric made of white calico, dyed buff colour by means of a tanning solution. It owes its name to the town of Nankin, in China, where it was originally made. The manufacture is now carried on in Europe.

**NAPHTHA.**—The inflammable distillates of crude mineral oils, coal-tar, indiarubber, bones, wood, peat, etc. The forms of naphtha vary greatly in composition. That obtained from coal-tar consists chiefly of benzene and toluene, while methyl alcohol and acetone are the principal constituents of wood naphtha. All the different forms are both volatile and inflammable to a very high degree. Their uses are various, but they are chiefly important as solvents for fats, gums, etc.

**NAPHTHALINE.**—This is one of the products of coal tar, and it has been of great military service during the last few years. When nitrated it forms a component of many first-class disruptive explosives. It exists in the shape of brown crystals, and is made chiefly in London.

**NAPLES YELLOW.**—A valuable pigment which forms a good substitute for chrome yellow. It consists of nitrate of lead, tartar emetic, and salt, and was first prepared in Italy. It is much used in the arts both for oil and for enamel painting, and is also employed in staining glass and china.

**NAPOLEON.**—This coin, which is still in circulation, though no longer issued, is a French gold one of twenty francs. Its weight is 6.45161 grammes, and its value, compared with English coinage, is £ 79.286, or about 15s. 10½d.

**NATAL.**—**Position, Area, and Population.** Natal, with Zululand and Tongaland, extends along the coast of South-East Africa from the Colony of the Cape of Good Hope on the south to Portuguese East Africa on the north. Inland it is separated from Basutoland and the Orange Free State by the ridge of the Drakenberg, and from the Transvaal, since 1902, by the Pongola river. The total area is 35,291 square miles. The population of about 1,200,000 consists mainly of natives, only about 122,000 being Europeans, while 133,000 are Indians and Asiatics.

**Build, Climate, and Vegetation.** Except on the low coast plains, the country is hilly or mountainous, rising generally inland to the Drakenberg. The chief rivers—Umzimkulu, Umkomazi, and Tugela—flow south-east at right angles to the coast.

Owing possibly to the influence of the Mozambique Current, the climate is rather warmer than might be expected from the latitude. The coast lands are hot enough for the growth of the sugar cane, bananas, cotton, arrowroot, and other tropical and sub-tropical plants. Tea is grown on the hill slopes, while cereals of all kinds, fruits, vegetables, wattle bark, and other crops are important. Inland the increase in height gives a corresponding decrease in temperature, until on the borders severe winters are experienced.

The south-east trade winds bring plenty of moisture to the colony, which is the most favoured part of the Union of South Africa in this respect. While the coast is very damp, the interior is dry enough to be healthy for Europeans. Maize is being grown in increasing quantities for export, as is also tobacco. Oranges and, in the cooler parts, apples are similarly grown. The pasture of the uplands supports large numbers of sheep. With

irrigation, as a precaution against drought, many of the inland valleys whose sheltered position keeps off the full effect of the rain-bearing winds, could support considerable agricultural populations.

**Mineral Resources.** While the mineral resources of the country are varied and rich, the principal output is coal. The chief coal area is in the north, in the valley of the Klip river, between Newcastle and Elandslaagte, where Newcastle and Dundee are the most important centres. From Dundee and Newcastle, despite the heavy gradients and the distance from the sea, over 200 miles, a large proportion of the amount raised is sent to the coast for supplying ships. The bulk of the output, however, is exported or sent overland into the neighbouring states, only one-fourth being used at home. Iron ore is abundant in the neighbourhood of the coal fields. Gold is also plentiful both in quartz and in blanket, but little is as yet produced. Copper is mined at Nordwien. Other minerals that are found, but not yet worked to any extent, are silver-lead ore, manganese ore, nickel ore, tin ore, molybdenum ore, phosphates, oil shale, limestone and marble, asbestos, mica, graphite, and nitre.

**Industries.** The manufactures are not of very great importance. Large quantities of wattle bark are stripped and exported as a tanning material. At Durban is the headquarters of the whaling industry.

**Government.** Natal became a separate colony in 1845, having previously formed a part of Cape Colony. In 1893 it obtained full powers of self-government, and in 1909 entered the Union of South Africa as one of the original States.

**Routes and Towns.** There are only two towns of size in Natal—Durban, the port, and Maitzberg, or Pietermaritzburg, the capital.

**Durban or Port Natal** has a population of over 70,000 (with suburbs, 90,000), of whom less than half are Europeans. The bay at the mouth of the harbour has now been dredged so as to give a minimum depth of 31 ft.

**Pietermaritzburg or Maitzberg** with a population of 30,000, of whom less than half are Europeans, lies at a height of 2,200 ft. and 70 miles inland from Durban. Despite its altitude, however, the climate, especially in summer, is oppressively warm.

There are in Natal nearly 1,000 miles of railway, the whole of which, with the exception of a few miles in plantations, is owned by the State. The standard gauge is 3 ft. 6 in. There are about 30 miles of 2 ft. gauge between Estcourt and Weenen. The chief centres are Pietermaritzburg and Ladysmith. There is a line roughly parallel to, and in places almost on, the coast from Shepstone in the south to St Lucia Bay in the north, passing through Durban. The line running south-westward from Maitzberg connects with the Cape of Good Hope system. From Durban a line runs inland through Maitzberg to Ladysmith. From here one branch goes westward through Van Reenen's Pass into the Orange Free State, while another passes through Glencoe, Newcastle, and Lang's Nek to the Transvaal.

**Commerce.** The principal imports are haberdashery, machinery, cotton and woollen fabrics, clothing, grain, iron and steel goods, and wines and spirits. The principal exports are gold, coal, wool, hides and skins, bark, and hair (Mohair and Angora). Coal is the most important native product, nearly the whole of the gold being in transit

from the Transvaal. Much of the wool, too, is from across the border.

More than half the trade, both import and export, is with the United Kingdom, which sends to Natal chiefly haberdashery, etc., cottons, iron, and machinery.

Mails are despatched to Natal every Saturday afternoon. Durban is 6,800 miles from London, and the time of transit is about twenty-one days.

For map, see *Cape Colony*.

**NATIONAL DEBT.** This signifies the entire debt of the nation, *i.e.* money borrowed at various times by the Government for national purposes. The English National Debt dates from 1692 when money was required by the Government for the wars of William III. Once the principle of borrowing established, loans of various kinds were raised, and these loans were repaid by deducting a certain portion of the revenue towards the payment of the interest earned. A wasteful method of borrowing, and a curious process of finance, caused the debt to mount at a great rate, and the varying rates of interest caused great trouble to successive Chancellors of the Exchequer. Eventually the various debts were consolidated, and instead of different rates of interest being payable, a uniform rate of 3 per cent. was allowed after the conversion had been effected. In 1888 a further conversion took place, and the rate of interest was reduced to 2½ per cent. and afterwards, in 1903 to 2½ per cent., at which it now stands. This refers to what is called the "Funded" portion of the National Debt. There are also included "Firmly-made Annuities" and what is called the "Unfunded Debt." The latter consist of various classes of War Stock and War Bond, Exchequer Bonds, National War Bonds, War Savings Certificates, and of other debt created during the Great War.

It is useful to give figures in detail relating to the National Debt as they vary from year to year, and since 1914 large amounts have been added annually. Subject to this, it may be said in 1697 the British Debt was about £21,250,000, in 1815 it had reached £876,000,000, and in 1899 it had been reduced to £635,000,000, the lowest figure since 1815. The Great War was responsible for an addition of £82,000,000, and at the outbreak of the European War the total was about £700,000,000. The debt then increased by leaps and bounds until it was seven or eight times that amount.

The Bank of England manages the National Debt as the agent of the Government, and the various stocks are transferable in the books of the Bank. (See *BANK OF ENGLAND*.) A person who wishes to meet in consequence instructs his banker or his stockbroker to carry through the transaction for him. But when the stockholder wishes to transfer his stock, *i.e.* when he wishes to realise a portion of the whole of his holding, he must attend at the Bank personally to sign the transfer in the books of the Bank, and he must be identified by a recognised stockbroker. If, however, the stockholder cannot attend, the transfer may be effected by his attorney lawfully authorised in writing under his hand and seal, and attested by two or more credible witnesses. A holder's title is the entry in the Bank books, and after doing so, if he wishes, verify the entry in the books and sign the books as an acceptance thereof. No certificate is issued. A purchaser receives merely a receipt signed by the seller or his attorney. Stockholders can accept by themselves, or their attorneys,

all transfers made to them, and should it be inconvenient to stockholders to attend at the Bank to accept stock, they can obtain a confirmation of the fact of the inscription of the stock by forwarding the stock receipt, with a request for confirmation in a postal order for 1s. to the Chief Accountant, Bank of England.

Under the National Debt Act, 1870, Section 26, holders of stock in the public funds may convert their holding into certificates to bearer, with coupons attached for the payment of the dividends. But trustees are not authorised to hold the certificates to bearer unless they have permission by the terms of the trust. The charge for the issue of stock certificates is 2s. per cent. and for inscription 1s. per certificate. The certificates are issued to "bearer," but a holder can insert a name, and so make the certificate "nominal" in which case it cannot be re-inscribed in any name other than that converted, unless duly indorsed in the presence of two witnesses.

No trust of any kind will be recognised by the Bank, and when stock is registered in more than one name, and a death occurs among the stockholders, it is with the surviving holder or holders that the Bank will deal and with no one else.

Again, in no such account will the Bank allow more than four names to be inserted. This does not prevent a holder having separate accounts, provided the same are properly distinguished in some fashion allowed by the Bank. But even then there is a limit. More than four accounts in the same name are not permitted.

When one stockholder dies, the stock is transferable by his executor or administrator, not without having any specific bequest of the same. No transfer can take place until the probate of the will or letter of administration have been left at the Bank for registration.

By the National Debt Act, 1870, Section 71, no stamp duty is payable in respect of any dividend warrant, transfer of stock, and stock certificate or coupon.

The interest payable quarterly is sent through the post to the stockholder, unless it is declared that there shall be some other method of collection. It is a common practice to give instructions to a banker to collect, and the banker send back the necessary notice to the effect with the Bank of England.

**NATIONAL INSURANCE.** In 1911 the creation of a Government scheme of insurance which for some years previously had been taking place, resulted in the passing of the first National Insurance Act, and this came into force on the 15th July, 1912. The Act, known as the principal Act, has been amended in various particulars by later Acts, and they are now known as the National Health Insurance Act, 1911 to 1929. There has been considerable criticism of the principle involved in the National Insurance scheme, but it is not intended here to enter into any discussion of its merits or demerits, except to remark that various changes and improvements will be necessary before the scheme can be considered of the greatest advantage to the nation at large. According to the principle of the Act of 1911, the Government scheme "to provide for insurance against loss of health, and for the payment and cure of sickness, and for insurance against unemployment, and for purposes incidental thereto." It will be seen that the Act may be divided into two parts, sickness and unemployment, and it is intended to treat the subject of

National Insurance in a general manner under these two divisions.

**Sickness Insurance.** With the exception of certain employed persons for whom special exemptions are provided, all persons between the ages of 16 and 70 employed in manual labour in the United Kingdom must be insured, irrespective of the amount of their wages, and, as regards persons employed in other than manual work, all those who receive remuneration of an amount not exceeding £250 per annum, come under the provisions of the Acts so far as sickness is concerned. These provisions apply to either sex, and to aliens just the same as to British subjects.

**Administration.** The central body which is responsible for the working of this part of the National Insurance scheme is, in England and Wales, the Ministry of Health, in Scotland, the Scottish Board of Health, and in Ireland, the Irish Insurance Commissioners acting under the direction of the Chief Secretary. The work is done through Insurance Commissioners appointed by the Government for each of the four constituent parts of the United Kingdom. Their addresses are as follows:—

ENGLAND Buckingham Gate, London, S.W.  
 WALES City Hall, Cardiff  
 SCOTLAND Princes Street, Edinburgh  
 IRELAND Upper Mount Street, Dublin

The powers of these Commissioners are extremely wide, and cover the whole work of the general administration, and the supervision of the various insurance committees and approved societies. There is an insurance committee in each county and county borough, composed of representatives of insured persons, the local councils, the doctors, etc., and these bodies manage the medical side of the Insurance Acts. Approved societies are bodies such as friendly societies, trade unions, insurance companies, etc., which have been approved by the Commissioners, and to which insured persons may belong for the purpose of their insurance. The societies manage the financial side of the Acts, paying out the money, benefits, etc.

**Voluntary Contributors.** In addition to those persons who are compulsory insured under the National Insurance Acts, there is another class for which provision is made—voluntary contributors. These include

(a) Persons who, having been employed and insured as employed contributors for a period of 104 weeks or upwards, have ceased to be employed contributors and who give notice that they desire to become voluntary contributors.

(b) Those who were engaged in any excepted employment as respects whom the Insurance Commissioners are satisfied that in the special circumstances they should be allowed to be voluntary contributors.

**Exemptions.** The following, amongst others, are not liable to compulsory insurance:—

(a) Persons who prove that they are in receipt of any pension or income of the annual value of £26 or upwards not dependent upon their personal exertions.

(b) Those who are ordinarily and mainly dependent for their livelihood upon some other person.

(c) Those who are employed by railways, public authorities, etc., which satisfy the Commissioners that they make provision of a satisfactory character for sickness or disablement;

(d) Persons intermittently employed

Certificates of exemption are obtained from the Ministry of Health.

**Contributions.** In ordinary cases the amount of contribution payable in Great Britain is 10d. per week for a man and 9d. for a woman, the employer paying 5d. in each case and the employee the remaining 5d. and 4d.

The above rates apply in the vast majority of cases, but there are certain cases in which different rates are applicable. In the case of contributors of either sex aged eighteen years or over whose remuneration does not include board and lodging by employer, and whose remuneration does not exceed 4s. per working day, the following is the scale of contributions:—

| Remuneration              | EMPLOYER |        | CONTRIBUTOR |        |
|---------------------------|----------|--------|-------------|--------|
|                           | Male     | Female | Male        | Female |
| Not exceeding 4s. per day | 10d.     | 9d.    | Nil         | Nil    |
| Is " " " "                | 6d.      | 6d.    | 4d.         | 3d.    |

Contributions cease at seventy years of age. It should be noted that the employer of an exempted person is still liable for his share of the contributions, although the employee may be exempt from his.

The rates mentioned above are those in force in Great Britain. There is a lower rate in Ireland, and consequently the benefits are different.

**Collection of Contributions.** The contributions are paid by means of stamps to be affixed to a card issued by the Insurance Commissioners. These stamps have to be affixed by the employer, who must place an insurance stamp of the value of the combined contribution of himself and employee on the latter's card and must cancel the stamp by writing the date across it. The employer is entitled to deduct the amount of the employee's contribution from his wages. A card is usually retained by the employer until the twenty-six stamps for which it provides have been affixed, when it is returned to the insured person. The latter must hand the same in to the Post Office or to the approved society of which he is a member, as the case may be, when a new card will be issued for the next half-year. On the termination of his employment, his card, duly stamped to date, must be handed to the employee.

Contributions have not to be paid during unemployment, but the benefits under the Acts are reduced if the insured are in arrears in certain circumstances.

**Benefits.** The benefits conferred on insured persons comprise medical treatment and medicine during illness, payment during sickness or disablement, and maternity benefit. It is unnecessary to give full details of these here, but the main points will be dealt with briefly.

**Medical Benefit.** This is obtainable by the insured person only, and does not include medicine and treatment for the members of his family. A panel or list of doctors available in the particular district is to be seen at local post offices, and the insured person is allowed a certain choice as to his medical attendant from amongst the names on the panel. Medicine prescribed by the doctor may be obtained from one of the chemists empowered to undertake dispensing under the National Insurance Acts.

**Sickness Benefit.** This is a benefit managed by the approved societies, and takes the form of a monetary payment payable to an insured person for twenty-six weeks or less time during which he is prohibited by sickness from following his employment. In the case of insured persons who have paid contributions for at least 104 weeks, the payment is 12s. per week in the case of women and 15s. per week in the case of men, and commences on the fourth day of the illness. Where the person has paid contributions for less than 104 weeks, the rate of sickness benefit will be 9s. per week in the case of a man and 7s. 6d. in the case of a woman.

**Disability Benefit.** As noted above, the sickness benefit is payable during the period of the illness up to twenty-six weeks, at the end of which time that benefit ceases, and the disability benefit becomes payable as long as the person is rendered incapable of work by disease or disablement. The rate of payment is 7s. 6d. per week for both men and women.

In counting the period of twenty-six weeks, if an insured person is disabled on several occasions, during a period of twelve months, the various periods are added together. In other words, any subsequent illness occurring within one year is treated as a continuance of the previous illness. There must be an interval of twelve months between two periods of disablement before the period of twenty-six weeks begins to be counted again from the beginning. The right to sickness and disability benefits ceases upon reaching the age of seventy.

**Maternity Benefit.** This consists of a payment of 40s. in respect of the confinement of the wife of an insured person or of an insured woman. Maternity benefit is given to the wife, and is not to be received by the husband. If she is an insured person herself, in addition to the maternity benefit which she receives from her husband's or her own insurance, she is entitled to a second maternity benefit (in lieu of the sickness benefit) which is paid on condition that she does not resume her employment until the expiration of four weeks from the date of her confinement.

Additional benefits may be declared by approved societies in certain cases, but no provision may be made for death benefits.

**Unemployment Insurance.** At the time of going to press, an important bill to amend the law in respect of insurance against unemployment, is passing through Parliament. The Bill (which, if passed, will become the Unemployment Insurance Act, 1920) repeals three parts of the National Insurance Act as have reference to unemployment, so that it seems the better plan to give here the main provisions of the new bill. Any changes will be found noted in the Appendix.

**Insured Persons.** Speaking generally, all persons (male and female) of the age of 16 and upwards who are engaged in any of the following employments must be insured against unemployment:

- (a) Employment under any contract of service or apprenticeship.
  - (b) Employment under such a contract of master and member of the crew, of any kind of ship.
  - (c) Employment under any local or other public authority, unless excluded by special order.
- There are a number of exceptions mentioned in the Act, and further particulars should be obtained from an Employment Exchange.

**Administration.** This part of the National Insurance scheme is administered by the Ministry of Labour and the Employment Exchanges, by whom an umpire, a court of referees, and insurance officers are appointed.

**Contributions.** The employee, the employer, and the State contribute to the unemployment funds, the ordinary weekly rates being:

From the employed person—Men, 4d. Women, 3d.  
„ employer—4d. and 3d. respectively.

In the case of persons under eighteen years of age, the weekly contributions are:

From the employed person—Boys, 2d. Girls, 1½d.  
„ employer—2½d. in each case.

The rates of contribution out of money provided by Parliament are—man 2d., woman 1½d., boy 1½d., girl 1d., with half these amounts in the case of exempt persons.

**Receipts.** The amount of benefit conferred is fifteen shillings for men, and twelve shillings per week for women, after the first three days of unemployment, but if under 18 years of age, the weekly payment is reduced by half. The maximum number of weekly payments of benefit in any one year is not to exceed fifteen, but the number may be less, for it is provided that no person shall receive more benefit than in the proportion of one week's benefit to every six contributions paid by him, or such other proportion as may be prescribed either generally or for any particular trade or branch thereof.

Before he can claim any benefit at all, a workman must prove:

- (1) That not less than twelve contributions have been paid by him.
- (2) That he has made application for benefit in the prescribed manner (*i.e.*, by presenting his book or card at the Employment Exchange).
- (3) That, since his application for unemployment benefit, he has been continuously employed.
- (4) That he is capable of work but unable to obtain suitable employment.
- (5) That his right to the benefit has not been exhausted or rendered invalid in any other way.

He must register his name at the local exchange, and must be in attendance, as required, to see whether work can be found for him. If he refuses work which is suitable, he forfeits his rights to benefit under the Act, but a refusal to work because the rate of wages is below the normal standard in the particular trade is not such a refusal as to penalize him.

Benefits are not to be paid in cases where the unemployment is due to a trade dispute.

**Court of Referee.** If there is any dissatisfaction as to the question of payment of unemployment benefit, the workman has a right to appeal to a court of referees, which consists of three persons—one from an employer's panel, one from a workman's panel, and an impartial chairman chosen by the Minister of Labour. If the court agrees with the decision of the insurance officer, the decision is final. In case of disagreement, the point may be referred to the umpire appointed by the Crown, whose decision is final.

**Retirement.** On reaching the age of sixty, or in the event of death after that age, the Act provides for repayment, in certain cases, of part of the contributions paid by an employed person.

**Special Schemes.** The Act gives power to provide for insurance against unemployment in any industry by means of a special scheme.



**NATIONALITY, BRITISH.**—By nationality is meant the status of a person as far as his political position is concerned. Every person must possess some nationality, or be a member of some nation, just as every person must possess a domicile (*q.v.*), and to that country he owes allegiance. Every country has its own laws as to nationality, and the law of England is shortly as follows. By the common law a person born in the dominions of the Sovereign of Great Britain is a natural born British subject, as distinguished from a person born outside those dominions, who is an alien. Nationality is a matter of common law, but changes have been made from time to time by Statute and in so far as British nationality is concerned the present law is contained in the British Nationality and Status of Aliens Act, 1914. Under this Statute a natural born British subject is either—

- (a) Any person born within His Majesty's dominions and allegiance; or
  - (b) Any person born out of His Majesty's dominions, whose father was a British subject at the time of that person's birth and either was born within His Majesty's allegiance or was a person to whom a certificate of naturalisation had been granted; or
  - (c) Any person born on board a British ship whether in foreign territorial waters or not.
- A person is born within His Majesty's allegiance if born in a place in which His Majesty exercises jurisdiction over British subjects.
- A person not a British subject may become naturalised by grant of a certificate by the Home Secretary, provided—
- (1) He has been residing in His Majesty's dominions for a period of five years out of the eight immediately preceding his application;
  - (2) He is of good character and has an adequate knowledge of English; and
  - (3) He intends to reside in His Majesty's dominions or to enter into the service of the Crown; and
  - (4) He takes the oath of allegiance.

A widow of an alien may revert to her British nationality by grant of a certificate without complying with the five years rule as to residence, and an alien woman married to a British subject becomes herself a British subject, which status is not lost by the death of her husband.

A British subject may by naturalisation in a foreign country divest himself of his British nationality and it may be that a person may have a dual nationality unless a similar rule applies abroad. Thus a person born in England of foreign parents is a British subject but by the municipal law of his parents' country he may be a subject of a foreign state. In such a case he may on attaining full age make a "declaration of alienage" renouncing his rights as a British subject, in which case he becomes an alien.

**NATRON.**—Native sodium carbonate collected from the lakes of Egypt and from the Caspian Sea. Virginia and Venezuela also export this substance. The supplies that come from Egypt are also known as trona.

**NATURALISATION.**—This signifies the act of casting away the allegiance which a person naturally owes to the Sovereign or the head of the State of one country and becoming the subject of another country. Thus if an alien leaves his native land and settles in England, he may, by taking the steps indicated below, throw off his alien nationality

and become a British citizen. This is attained by taking out a certificate of naturalisation.

Each country has its own laws and regulations as to naturalisation. And there is always the chance of grave difficulties arising owing to the fact that the laws respecting naturalisation are so variable. At one time it was an almost universal maxim that no man could divest himself of his nationality—*nemo patriam exuere potest*—and that is still the law in some countries. For this reason it is an accepted rule that a country in which an alien has become naturalised cannot be expected to extend the same protection to a naturalised citizen in all cases as it would do to a natural-born citizen. Thus, if an alien becomes naturalised in England, and by becoming naturalised has acted contrary to the laws of his original country, the British Government will not interfere in any proceedings taken against him, if he returns to his native land, if it is clear that by becoming naturalised he has contravened the law of his own country. Difficulties of this kind are being overcome by means of international arrangements. The chief of them in the past have been connected with the duties of military service, since in many countries service is compulsory.

The law as to naturalisation is interesting historically, but in England it is now regulated entirely by the British Nationality and Status of Aliens Act, 1914. Any alien who has resided within the United Kingdom for five years, or who has served under the Crown anywhere for a similar period, may apply to the Home Secretary—and application cannot be made elsewhere—for a certificate of naturalisation. He must furnish evidence of his intention, when naturalised, either of residing in the United Kingdom, or of serving as before under the Crown. The certificate of naturalisation is supposed to be granted only after a careful inquiry has been made into the character of the applicant. (See NATIVITY.) The grant is quite discretionary, and if the Home Secretary refuses to accede to the request, there is no appeal against his decision.

The privileges accorded to naturalised British subjects are set forth in the Act of 1914 as follows:—An alien to whom a certificate of naturalisation is granted shall in the United Kingdom be entitled to all political and other rights, powers, and privileges, and be subject to all obligations to which a natural born British subject is entitled or subject to in the United Kingdom.

If a natural born British subject becomes naturalised in a foreign country, he can only regain his British nationality by fulfilling the same conditions as are applicable to aliens generally.

The fees payable on taking out letters of naturalisation, exclusive of any costs incurred through employing a solicitor, are £6, *i.e.*, £5 on the grant of the certificate of naturalisation and £1 for stamp duties.

The British Dominions beyond the seas are entitled to legislate as to naturalisation within their own limits and a certificate so granted has the same effect as that of a Secretary of State.

The following enactments are contained in the Act as to the status of married women and children:—

"(1) A married woman shall be deemed to be a subject of the State of which her husband is for the time being subject."

"(2) A widow being a natural-born British subject, who has become an alien by or in

consequence of her marriage, does not on her husband's death become a British subject but she may at any time during widowhood obtain a certificate of readmission to British nationality (W.P.P.).

"(3) Where a person being a British subject becomes an alien every child of such person shall cease to be a British subject unless it does not become naturalised according to the law of any other country.

(4) Any child who has ceased to be a British subject under (3) may within one year after coming of age make a declaration that he wishes to resume British nationality and be thereupon becomes a British subject.

"(5) Where a person applies for a certificate of patriation in the United Kingdom, the Secretary of State may enter the names of his children, being minors, on the certificate and they shall be deemed to be naturalised British subjects with the right on attaining full age of making a declaration of alienage.

**NAVY BILLS.** Bills which pass by this name are of two kinds—one issued by the Admiralty in payment of wages for ships and dockyards and the other drawn at short date by order of the navy on the Accountant General for pay due to them. Bills of the latter kind are freely dealt in by way of purchase at foreign stations as they form a convenient medium for the transmission of money to London.

**NEAT'S FOOT OIL.** This oil should be prepared as the name implies, from the foot of oxen, but the feet of sheep and horses are frequently employed in its manufacture. It is a pale, colorless oil, obtained either by boiling down the split feet or by treating them with sulphuric acid in a closed cylinder. It is used for shoeing leather and as a lubricant. The chief supplies come from South America.

**NECESSARIES.** (See CONSUMER, ISRAEL.)

**NEEDLES.** Pointed instruments made of steel when required for sewing, crocheting, embroidering, and knitting cotton and silk, but of ivory, wood, or bone when used with woollen yarn. The steel needle is by far the most important. Redditch, in the west of England, is the chief seat of the industry, which is carried on by machinery. For ordinary sewing purposes, steel needles, all of which are two needles in length, are arranged in bundles. One is used to pierce the eyes, and both ends are pointed by means of a grinding stone. The needles are then separated and subjected to the polishing and finishing processes.

**NE EXEAT REGNO.** (1) is the name given to a writ which is issued under certain circumstances when it is a matter of importance that a person should get out of the realm. At the present time it is rarely met with. But under the Statute of 1869, it is still possible for a plaintiff, who has a claim for a debt of £50 or more, to apply to the court that the defendant shall give security for the amount if it appears that he is about to leave the realm and if it is made manifest to the court that he will impute to the plaintiff the present writ of debt claim. In practice it is extremely difficult to get such a writ granted by the court, and for most purposes it may be said that it is practically obsolete.

**NEGIGENCE.** In the case of contract, each of the parties to the same declares what are the obligations imposed upon one or the other and the law does not enforce anything outside the

obligations. In the case of tort, however, the matter is different, and it is the law of the land and not the declaration of the parties which is the determining factor as to liability. A tort is a wrong which arises independently of contract.

One branch of the law of tort is that which deals with the effect of negligence, and it is a matter of importance, therefore, to have a clear idea of what negligence imports. It may be defined as the omission to do something which a reasonable man, who is guided by the ordinary considerations which regulate the conduct of human affairs, would do, or the doing of something which a reasonable man, similarly circumstanced, would not do. It is seen, then, that negligence may arise from acts of omission as well as from acts of commission, and a private person may be liable for damages in either case (see *MISTAKE*, *NON-RESCUE*), whereas a corporate body is only liable civilly for acts of commission and not for acts of mere omission. The forms which negligence can take are infinite, and except when there is some statutory provision intervening in any way, the liability of a person for negligence always arises at common law, and the damages awarded are proportionate to the loss suffered.

In an action founded on negligence the plaintiff must prove some one or more acts of negligence, and he will generally be compelled to state specifically in what are known as his "particulars" the act or acts of negligence relied on. The presiding judge will say whether there is any evidence of negligence at all. If there is no such evidence he directs a non-suit, but if he thinks there is any evidence to go to the jury he ought not to keep the case from them, and it will then be for the jury to say whether the negligence has been established, and if so what is the amount of the damage sustained. In any case the injury complained of must arise out of the negligence alleged, for if it proceeds from any other cause the defendant cannot be held liable. And again, although it is proved that the defendant has been guilty of negligence and it is also shown that the plaintiff has himself been negligent, so as to help to bring about the injury complained of, the plaintiff cannot succeed in his case. He has been guilty of what is known in law as "contributory negligence," and if the negligence of his own has been such that without it the negligence of the defendant would have had no effect, the plaintiff must put up with the consequences. The blame rests upon his own shoulders.

If a person holds himself out as being possessed of no special skill, his lack of skill will be imputed to him as negligence, and if damage results, he will be liable to the person injured. Thus, a doctor professes to be specially qualified in the art of healing. If then he is not possessed of adequate skill or knowledge, or if he does not show such adequate skill or knowledge when attending to a patient, he will be liable for his negligence. But, of course, it is a doubtful matter to bring home such a charge, and in only the most flagrant cases can a plaintiff hope to be successful. Similarly, a solicitor must exhibit legal competence. This does not mean that a solicitor will be held responsible to his client if the advice given to the client proves to be such as to insure success in litigation, or anything of that kind. The solicitor must, however, not show complete ignorance of the law upon any particular point. If he does

exhibit such ignorance and the client suffers, the solicitor will be liable for negligence. The same is true of other professional men, such as architects, accountants, surveyors, etc. The only person who appears to be exempt is a barrister. His peculiar position is explained under the heading BARRISTER.

Not only is a man liable for his own negligent acts, but he is always responsible for the negligent acts of his servant, provided the negligence was exhibited by the servant in the course of his ordinary duties, and whilst he was in the service of his master. (See MASTER AND SERVANT.)

Where death is the result of a negligent act on the part of any person, the delinquent may be liable not only civilly, but also criminally. A common instance is where a railway collision occurs and death ensues. A signman or an engine-driver who is shown to have been at fault may be so far involved that a charge of murder or manslaughter may be preferred against him.

Until the passing of Lord Campbell's Act, 1846, if death resulted from a negligent act, no action was maintainable against the negligent person, on the principle *actio personalis moritur cum persona* (*qv*). Since 1846, however, an action may now be brought by the representatives of a deceased person on behalf of the wife, parent, husband, child, or certain others who were dependent upon the deceased, and the jury will assess the damages according to the circumstances proved. Such an action must be brought within six months of the death.

**NEGOTIABILITY.**—A person who has the property in an article cannot divest himself of the same except by some positive act on his own part. He may give it away, he may discard it with a full intention of making no further claim to it, or he may transfer it to another person for value. Unless he does one of these three things his property in the article remains, and even though it goes out of his possession, by being lost or stolen, he can always reclaim it from the possessor with the exception that if it has been transferred to a purchaser in market overt (*qv*) in a *bond fide* manner, this reclamation cannot be made until the thief has been prosecuted to conviction. It follows from this that in the case of an ordinary chattel no person except the rightful owner can give a good title in it to the transferee, and the maxim of the common law applies, *nemo dat quod non habet*—no one can give that which he does not own.

To this general rule, however, an exception is made in the case of certain instruments which are often spoken of as negotiable instruments, and the peculiar feature attaching to them, so far as their transfer is concerned, is known by the name of negotiability. Negotiability is a creation of mercantile custom, which thus became a part of the law merchant (*qv*). Commerce would have been seriously hampered if it had always been necessary to inquire into the whole history of every document or chattel transferred in the course of business, which would have been essential if the old common law rule had prevailed. Now, partly by custom and partly by statute law, the character of negotiability has been acquired by a certain number of documents and chattels, and under it the property in a document or a chattel which is a negotiable instrument is acquired by transfer only, provided the whole transaction connected with the transfer is absolutely *bond fide*.

A great authority has defined negotiable

instruments, *i.e.*, instruments to which negotiability attaches, as those the property in which is acquired by any one who takes them *bond fide*, and for value, notwithstanding any defect of title in the person from whom he took them. They thus differ from ordinary chattels in the following particulars—

(1) The property in them, and not merely the possession, passes by delivery.

(2) The holder in due course (*qv*) is not in any way affected by any defect of title on the part of the transferor or any previous holder. He holds the instruments "free from all the equities."

(3) The holder in due course can sue upon them in his own name. These are the three great qualities which go to make up what is called "negotiability." A rough-and-ready test to apply when the matter is in doubt is this, Can title be made through a thief? If the answer is in the affirmative the instrument is negotiable, if in the negative it is not negotiable.

The most common examples of documents or chattels to which the character of negotiability is attached are coin of the realm, bills of exchange, promissory notes, cheques, and bank and Treasury notes. Take an example. A loses a pound note. B finds it. He changes it with C. C acts quite honestly and knows nothing of the history of the note. A cannot claim the note from C even if he could identify it, which is doubtful. Again, A loses a cheque payable to his order, which he has already indorsed. B finds the cheque. B afterwards gets C to cash it for him, C having no idea or knowledge as to how B came into possession of the cheque, *i.e.*, he acts actually *bond fide*. C has a perfect title to the cheque. He has taken it *bond fide* and he is in no way affected by the defective title of his transferor. If the cheque is tainted with forgery the case would be different, for it must never be forgotten that in order to obtain all the benefits springing from a negotiable instrument, the whole transaction must be absolutely above suspicion. Lastly, take the case of a bank note. A has a £5 note. B steals it from him. B changes the note with C, either a private individual or a tradesman. Unless there is something suspicious about the whole affair, C's title to the note is absolute. A cannot claim it from him, a thing which he might have done in the case of an ordinary chattel.

In addition to the negotiable documents and chattels mentioned above, the following are examples of negotiable instruments. Treasury bills, foreign bonds, share warrants and share certificates to bearer. Debentures, payable to bearer, of an English company have in recent years been held by the courts to be negotiable instruments. It does not follow that because an instrument is a negotiable instrument in the country where it has been created, it will be regarded as such in this country. To make it a negotiable instrument in this country there must be evidence that it is the custom of merchants to treat it as negotiable. Lord Mersey, then Bigham, J., said in *Edelstein v. Schuler*, 1902, 2 K.B. 144: "The time has now passed when the negotiability of bearer bonds, whether Government or trading bonds, foreign or English, can be called in question in the English Courts."

The difference between a document which is a negotiable instrument and one which is not may be illustrated by, say, a bearer bond of the Japanese Government and a bill of lading. The person to

whom the bearer bond is delivered, if he takes it in good faith and for value and without notice of any defect in the transferor's title, obtains an absolute right to the bond even if it should subsequently appear that the transferor had stolen it and had therefore no title to it. In the case of a bill of lading, which is a symbol of goods, the person to whom an indorsed bill of lading is delivered obtains a right to obtain possession of the goods, but if the transferor had no title, or an imperfect title, to the bill, the transferee cannot obtain any better title than the transferor had. If the transferor had no title, the transferee cannot obtain a title.

Certain American railroad certificates, which pass by delivery when the transfer on the back has been signed are not negotiable instruments.

Where a negotiable instrument is given as security, a banker usually takes a memorandum or agreement stating the purpose for which it is pledged, though a memorandum is not absolutely necessary. A deed of transfer is not required for bearer bonds, as they pass by mere delivery and the banker obtains a valid security, even if the person from whom he received the bonds had stolen them or the bonds formed part of a trust. But it is essential to his security that when he took the bonds he had no notice of the defective title of the transferor. It would appear that mere negligence in taking a negotiable instrument does not fix a transferee with notice of a defective title, but the transferee must be able to show that he took the security in good faith and for value. The law is very clearly laid down in the case of *London Joint Stock Bank v. Simmons*, 1892, A.C. 201, and in the course of his elaborate judgment Lord Herschell made use of the following expressions: "It is surely of the very essence of a negotiable instrument that you may treat the person in possession of it as having authority to deal with it, be he agent or otherwise, unless you know to the contrary, and are not compelled, in order to secure a good title to yourself, to inquire into the nature of his title, or the extent of his authority." I should be very sorry to see the doctrine of constructive notice introduced into the law of negotiable instruments.

But regard to the facts of which the taker of such instruments had notice is most material in considering whether he took in good faith. If there be anything wanting which excites the suspicion that there is something wrong in the transaction, the taker of the instrument is not acting in good faith if he shuts his eyes to the facts presented to him and puts the suspicions aside without further inquiry.

It is easy enough to make an elaborate presentation after the event of the speculations with which the bank managers might have occupied themselves in reference to the capacity in which the broker who offered the bonds as security for an advance held them. I think, however, they were not bound to occupy their minds with any such speculations. I apprehend that when a person whose honesty there is no reason to doubt offers negotiable securities to a banker or any other person, the only consideration likely to engage his attention is, whether the security is sufficient to justify the advance required. And I do not think the law lays upon him the obligation of making any inquiry into the title of the person whom he finds in possession of them, of course, if there is anything to arouse suspicion, to lead to a doubt whether the person purporting to transfer them is justified in entering

into the contemplated transaction, the case would be different, the existence of such suspicion or doubt would be inconsistent with good faith. And if no inquiry were made, or if on inquiry the doubt were not removed and the suspicion dissipated, I should have no hesitation in holding that good faith was wanting in a person thus acting."

In the case of bonds not strictly negotiable instruments, if they contain words purporting to make them transferable by delivery, or by indorsement and delivery, a holder may be estopped from denying their negotiability if he has so dealt with them as to lead the person taking them to treat them as such. Where certain bonds had been handed to an agent for the purpose of raising money, and an advance was obtained from a moneylender, who afterwards deposited the securities with bankers as cover for advances by the bankers to the moneylender, the bankers (the defendants) claimed to hold the securities for what was due to them by the moneylender, and the plaintiffs claimed that the securities were a security to the defendants for such an amount only as was due by the principal and his agent to the moneylender. Thus, in the case of *Laston v. London Joint Stock Bank* (1887, 34 Ch. D. 95), in the Court of Appeal, Bowen, L.J., said: "Even if these bonds are not strictly negotiable, and do not possess the incidents of negotiable instruments which are recognised as such, nevertheless a further question arises, whether S, by the way he has treated these bonds, has not estopped himself from denying their negotiability, whether he has not—by placing for disposal, and with the intention that they should be transferred, in the hands of an agent of his own, bonds which on their very face purport to create a liability quite independent of anterior equities between the company and the person who takes them—really chosen to treat these bonds as negotiable and to authorise his agent to treat them as such. If the negotiability of these bonds by estoppel, so to speak, arises, that disposes of all difficulty that would arise owing to the seal being attached to these bonds, because it is no longer a question whether they are, strictly speaking, negotiable, but whether S has chosen to treat them as such. The second way of looking at the matter may be dealt with from two points of view, but practically they run into one another. You may say that S, having placed in the hands of his agents these bonds with the intention that they should be transferred beyond those agents, and held his agents out to the world as clothed with authority to transfer them as negotiable, cannot afterwards by any unknown dealing or limitation of authority which he has conferred on his agents, prejudice those who took the bonds which have been so floated. Or you may say, which I think is a sound way of putting it, that as regards S and the bank, these bonds have become negotiable by estoppel, and therefore S is precluded from saying the legal title to these bonds is not in the bank."

#### NEGOTIABLE DOCUMENTS OR INSTRUMENTS

--NEGOTIABLE PAPER.--The documents, instruments, or paper which have the special characteristics of what is called negotiability attached to them, and which, generally speaking, confer a good title by transfer to a person who takes the same *bond fide*. The commonest examples are coin of the realm, Treasury notes, bills of exchange, Government bonds, etc. The number of such documents and instruments is being continually increased according to the requirements of the mercantile

immunity. The subject is fully dealt with under the heading *NEGOTIATING*.

**NEGOTIATION OF BILL OF EXCHANGE.**—The negotiation of a bill of exchange—and this includes a cheque—is so important a matter that the sections of the Bills of Exchange Act, 1882, relating to the subject are of the utmost importance. They are as follows:

By Section 31:

"(1) A bill is negotiated when it is transferred from one person to another in such a manner as to constitute the transferee the holder of the bill.

"(2) A bill payable to bearer is negotiated by delivery.

"(3) A bill payable to order is negotiated by the indorsement of the holder completed by delivery.

"(4) Where the holder of a bill payable to his order transfers it for value without indorsing it, the transferee acquires the same title as the transferor had in the bill, and the transferee in addition acquires the right to have the indorsement of the transferor.

"(5) Where any person is under obligation to indorse a bill in a representative capacity, he may indorse the bill in such terms as to negative personal liability."

By Section 36:

"(1) Where a bill is negotiable in its origin it continues to be negotiable until it has been (a) restrictively indorsed, or (c) discharged by payment or otherwise.

"(2) Where an overdue bill is negotiated, it can only be negotiated subject to any defect of title affecting it at its maturity, and therefore no person who takes it can acquire or give a better title than that which the person from whom he took it had.

"(3) A bill payable on demand is deemed to be overdue within the meaning, and for the purposes of, this Section, when it appears on the face of it to have been in circulation for an unreasonable length of time. What is an unreasonable length of time for this purpose is a question of fact."

"(4) Except where an indorsement bears date after the maturity of the bill, every negotiation is *prima facie* deemed to have been effected before the bill was overdue."

"(5) Where a bill which is not overdue has been dishonoured any person who takes it with notice of the dishonour takes it subject to any defect of title attaching thereto at the time of dishonour, but nothing in this sub-section shall affect the rights of a holder in due course."

A bill may, in the ordinary course of business, be negotiated back to a party already liable thereon. By Section 37—

"Where a bill is negotiated back to the drawer, or to a prior indorser or to the acceptor, such party may, subject to the provisions of this Act, re-issue and further negotiate the bill, but he is not entitled to enforce payment of the bill against any intervening party to whom he was previously liable."

Where a bill has been transferred by indorsement to, say, four different persons and the fourth indorser indorses it back to the first indorser, number one cannot enforce payment against the second, third, or fourth indorsers, because each of those three indorsers has a claim against him as the first indorser. But if the first indorser negates his liability when indorsing the bill, by the addition

of the words *sans recours*, or "without recourse" to his signature, he can enforce payment, when the bill is indorsed back to him, against the said second, third, or fourth indorsers because they have, in that case, no claim against him.

By Section 8, s. 1: "When a bill contains words prohibiting transfer, or indicating an intention that it should not be transferable, it is valid as between the parties thereto, but is not negotiable" (See *NOT NEGOTIABLE*).

**NEPHRITE.**—A translucent mineral varying in colour from white to yellow and green. It is frequently known as jade (*q.v.*), but though closely resembling the latter in appearance, it is slightly different in composition. Ornaments of nephrite are greatly prized in the East. The mineral is obtained chiefly from Siberia and Turkestan, and in recent times from New Zealand and British Columbia.

**NEROLI OIL.**—The volatile oil distilled from orange blossoms. It is much used in perfumery, especially in the preparation of Eau de Cologne.

**NET or NETT.**—This word is a form of "net" from the Latin, *netus*, "clear." It signifies either (1) The amount of any charge or cost after all deductions have been made, or (2) The actual amount when no deductions of any kind are allowed. It is the opposite of gross (*q.v.*).

**NET or NETT PROFIT.**—The profit arising out of any business or transaction when all expenses and losses (if any) have been deducted.

**NET or NETT RENTAL.**—The rent of any property after all taxes, out of repairs, etc., have been deducted.

**NET or NETT WEIGHT.**—After the explanation of net in the preceding article, it is obvious that net weight means the actual weight of goods, etc., without reckoning the weight of the packages, etc., in which they are enclosed, and after all proper allowances have been made for such things as waste, turn of the scale, etc.

**NETHERLANDS.**—(See *HOLLAND*.)

**NEULOTH.**—(See *FOREIGN WEIGHTS AND MEASURES*—*GERMANY*.)

**NEUTRALITY.**—When a condition of war exists between two countries, other countries which have no particular concern with the matters in dispute generally issue a public declaration to the effect that they are taking no part in the struggle and that they will show no favour to one or other of the belligerents. The position thus taken up is said to be a state of neutrality. The declaration is issued as soon after the commencement of hostilities as possible. It acts as a kind of warning to all subjects of the neutral state to do nothing which may favour one side or the other. The position of neutrality only affects a state so far as public matters are concerned. In all private matters, the subjects of any state can proceed without let or hindrance, dealing indiscriminately with either of the belligerents, except in so far as they are restrained by blockade (*q.v.*) or anything similar.

**NEUZOLL.**—(See *FOREIGN WEIGHTS AND MEASURES*—*GERMANY*.)

**NEWFOUNDLAND.**—Position, Area, and Population. The island of Newfoundland is the most easterly of North America. St John's, in the south-east, is in longitude 53° W or more than 20° east of New York, and only 1,675 miles from Cape Clear in the south-west of Ireland. The extreme latitudes of the island are 51½° and 46½° N.

latitude. Lying right across the mouth of the Gulf of St. Lawrence it is only 12 miles from Labrador across the Strait of Belle Isle and 60 miles from Cape Breton across Cabot Strait. A number of trans-Atlantic cables are landed at Heart's Content on the east coast.

The island has an area of 42,734 square miles. The population numbers about 256,000, of whom 64,000 are engaged in the fisheries.

**Relief and Rivers.** The greater portion of the country is undulating, the highest hills being the Long Range parallel to the west coast, being between 1,000 and 2,000 ft. high. The coast is generally high and rocky, and cut into by many inlets forming various peninsulas. The Avalon peninsula, in the south east, on which stands the capital, and where the bulk of the population live, is connected by an isthmus between Placentia and Trinity Bays, only 3 miles across. There are numerous lakes of all sizes in the interior, occupying about a quarter of the area of the country. The rivers are numerous, but generally small and unsuited to navigation. The largest are the Exploits, flowing northward, 200 miles long, and the Hamilton. Many of them are salmon rivers.

**Climate.** The climate is not so extreme as on the continent, the range of temperature being from 0° to 85° F. The effect of the Arctic current, which brings down much ice from the north, is felt specially in summer. The east and south coasts are subject to the fogs which occur in these regions, and make the fishing on the Great Banks very dangerous at times. They do not, however, extend for more than a few miles from the sea. These fogs are caused by the influence of the cold Arctic current on the warm, moist air from over the Gulf Stream (*qv*).

**The Land Products.** Much of the interior is forested, the chief trees being the white pine, spruce, fir, birch, and maple. The forests are generally along the sides of the river valleys and on the rising ground of the interior. Several English firms have erected pulp and paper mills.

Iron, copper, and chrome are worked in considerable quantities, while coal and other useful minerals are known to exist. Iron pyrites are exported to England for use in the manufacture of sulphuric acid. Gypsum, largely used as a fertiliser in the United States, exists in large quantities at St. George Bay. Petroleum and asbestos have also been found. There is plenty of game, caribou being found in large numbers in the interior, as well as geese, ducks, and ptarmigan, while the rivers are well stocked with fish.

**The Sea Products.** Newfoundland derives its greatest wealth from the sea. Soon after the discovery of the island by Cabot in 1497, fishermen from France and other European countries came to catch cod on the Grand Banks, which lie about 100 miles from the coast to the south-east, and since then cod fishing has always been a leading industry. Near the shore, herring, capelin, and squid are caught and used for bait. The Newfoundlanders have no control over the Banks, but they reserve the right of catching but inshore strictly to themselves, and derive a considerable income from the sale. The cod season lasts from June until November. The fish are salted and cured for export on the shores. From March 16th to April 16th is the sealing season. Boats leave the ports, chiefly St. John's, in the second week of March, for the ice floes brought down by the Arctic

current, on which numbers of seals live for the breeding season, and the animals are killed with clubs for their skins and blubber.

**Trade and Transport.** Nearly 90 per cent. of the exports consist of the products of the fisheries. The chief item is dried cod, then come tinned lobsters, herring, cod oil, seal oil, and seal skins. After fish products come paper and pulp, iron ore, and at some distance, copper and copper ore.

The chief imports are flour and textiles, large quantities of coal, salt pork, hardware, and machinery are also imported. The bulk of the trade is done with Canada, the United States, and the United Kingdom, but much fish is sent to Portugal and Brazil.

There are over 810 miles of railway, nearly all belonging to the State, but since most of the population is near the coast, much traffic goes by water.

**Commercial Centres.** The chief towns are St. John's (34,000), *Harbour Grace* (1,000), *Carbonear*, *L'Anse-au-Loup*, and *Bonaville*.

St. John's, the capital, stands on a fine land-locked harbour. It is the centre of the fishing industry, the terminus of the railway, and the nearest American port to Britain.

**Government.** There is a governor appointed by the Crown, a Legislative Council appointed by the governor for life, and a Legislative Assembly elected by popular vote every four years. The executive is in the hands of a Ministry, which has the confidence of the Assembly.

**LABRADOR.** The coast of Labrador, a strip of country 700 miles long, is administered as part of Newfoundland, the water communication between various parts of the island being readily extended for this purpose. The shore is similar to that of Newfoundland, and its inhabitants, who number about 1,000, are engaged in fishing and trapping. The severity of the winter and the shortness of the summer prevent cultivation. The river Hamilton, 600 miles long, has magnificent falls and rapids.

Mails are despatched direct to Newfoundland via Liverpool once a fortnight, and by other routes at regular intervals. The city of St. John's is 1,700 miles from Onondstown and 2,030 miles from Liverpool, and the time of transit is nine days.

For map, see CANADA.

**NEW GUINEA.** (See PAPER.)

**NEW SOUTH WALES.** **Position, Area, and Population.** New South Wales, the oldest of the Australian Colonies, lies on the eastern side of the continent facing the Pacific, between 28° and 38° S. latitude, and between 154° E. longitude at Cape Byron to longitude 141° E., which forms its boundary with South Australia. To the north is Queensland, and to the south, separated almost entirely by the river Murray, Victoria. The coast is about 700 miles long, and the greatest depth about 610 miles.

The population is estimated at over 1,900,000, mostly of British descent, with about 105,000 Chinese and 7,500 aborigines and half-castes.

**Build, Rivers, and Climate.** Running from north to south, on the eastern side, is a mountainous strip, in which the principal ranges are the New England Range, the Liverpool Range, the Blue Mountains, the East elevated, and the northern part of the Australian Alps, in which the Kosciusko group is the highest in the continent. To the east of these mountains is the coast region, from 30 to 120 miles wide. To the west is a plateau sloping

down gently to the plains of the Riverina district and the sea.

The eastern slope, lying in the south-east trade area, receives copious rainfall, and has numerous short rivers plentifully supplied with water, some of them, notably the Richmond, Clarence, Macleay, Hunter, and Hawkesbury, being navigable for considerable distances from their mouths. The climate is oceanic, with an average monthly temperature at Sydney of 71° F. in summer and 64° in winter, and a rainfall of from 30 in. in the north to 73 in. in the south. The soil is not generally fertile, except along the valley bottoms, and it is in these that agriculture is generally carried on.

The plateau region also has sufficient rainfall for agriculture, the soil is good and much wheat is grown, but westward the rainfall diminishes rapidly until, in the north-west, on the further side of the Barrier, or Stanley, and Grey Ranges, it is only 9 in. This north-western corner is the only part not draining to the sea, the whole western division otherwise draining into the Murray, which enters the sea in South Australia. The largest streams flowing into it are the Lachlan and Murrumbidgee in the south, and the Darling in the north, the latter receiving no tributary for the last 1,000 miles of its course, an indication of the dryness of the region. The Murray, fed by the water from the snows of the Alps, is the only stream that can be relied on to flow throughout the year, the others becoming merely chains of shallow pools between the high banks during the summer.

The climate of the western slope is more extreme, the average monthly temperatures ranging from 48° F. to 84°, with occasionally a rise to 130° in the shade. The dryness, however, prevents these extremes from being unhealthy.

**Artesian Wells and Irrigation.** The uncertainty of the rainfall, as well as its scantiness, is a great drawback to settlement, but this has to some extent been mitigated by the boring of artesian wells. The principal bores are at Coonambie, Moree, Gil Gil, and Enrioka.

Irrigation from the rivers is practised to an increasing extent, and there are large tracts, especially along the Murrumbidgee and the Lachlan, capable of being brought under cultivation by this means.

**Productions.** Despite its great mineral wealth and its extensive forests which, in the east, cover a quarter of the country, pastoral pursuits, especially the raising of sheep, have always been the chief occupation of the people of New South Wales. Now, however, with greater steamship facilities, and better communication with the northern hemisphere, agriculture is rapidly advancing, the ripening of products in the December half of the year giving the country an advantage that more than counteracts the drawback of distance.

**Agriculture.** Wheat is the most important grain. Half of it is grown in the Riverina and the district beyond it, and more than a third on the plateau. Maize, the second in importance, is grown principally in the fertile valley bottoms of the east coast. Oats, for animal food, with lucerne, and, to a much lesser extent, barley, are also grown. Oranges and lemons are the chief fruit, grown in the orchards of Paramatta, west of Sydney. The vine is grown both in the east in the Hunter valley and in the west along the Murray.

The sugar cane, in increasing quantities, is grown chiefly in Ross County, in the extreme north-east.

Other crops are potatoes and tobacco.

**Animals.** The number of animals kept, in round numbers, are: Sheep, 38,000,000; cattle, 3,000,000; horses, 740,000; pigs, 395,000; and animal products, wool, butter, hides and skins, form the bulk of the exports. On huge areas on the western slope the rabbit introduced from Britain has multiplied to such an extent as to be a pest. Rabbit is now exported tinned, while an increasing number in skins provide material for imitation furs.

**Minerals.** The most important minerals are gold—discovered in 1851—silver and silver lead, copper, tin, coal. Other minerals found are tungsten, platinum, molybdenite, antimony, bismuth and chrome. There are a few oil shale mines, and diamonds and opals are also found. Gold is widely distributed, but the largest output is at Cobar in Riverina, which is also the chief copper centre. Silver, with lead, comes principally from the Broken Hill region. The coal areas are: The Hunter valley, employing 10,500 workers, and the Illawarra district, where 31,000 are employed. A small field in the west employs between 400 and 500 men. The mines of New South Wales are the chief source of the coal supply of the southern Pacific, half the total product being exported to countries lying in or around it. Tin is obtained in the north-east in Ross country, on the borders of Queensland.

**Industries.** The leading industries are the making of clothing textiles, which are sent to all parts of the continent, the making of metal goods and machinery, and the preparation of food and drink.

**Railways and Communications.** There are good roads between all the important towns. In and near the larger towns are over 200 miles of tramways, nearly the whole of which belong to the State. The railways, too, are almost entirely owned by the State, the length of Government line being nearly 5,000 miles. The gauge is 4 ft 8½ in., and as Victoria has a 5 ft 3 in. gauge and Queensland a 3 ft 6 in. gauge, traffic has to be handled on crossing the frontier. Sydney is the centre of the railway system, which connects the coast towns between the Illawarra district and Newcastle, and has three branches going inland. The middle of these crosses the Blue Mountains west of Sydney towards the northern part of Riverina. The southern one crosses the Goulack Range and passes through Goulburn and Yass to the Murrumbidgee along the north side of which it runs. The northern, from Newcastle, crosses the Liverpool Range. One branch goes into the Liverpool Plains and to Bourke and Cobar, the other runs along the New England Range to Queensland. The Cobar branch is to be extended to Broken Hill. Independent of the general system, Deniliquin is connected with the Victorian railways and Broken Hill with those of South Australia.

**History and Government.** The eastern coast of Australia was first sighted and named, in 1770, by Captain Cook, who landed at Botany Bay. In 1788 the transportation of convicts to Botany Bay began, but the site proving not altogether suitable, the settlement was moved 6 miles or so northward, and Sydney was founded. The transportations ceased in 1839. In 1851 the region south of the Murray was detached, and called Victoria. Up till this time the wealth of the country consisted solely in its pastoral and agricultural pursuits; but later, in 1851, the discovery of gold at Bathurst signalled the opening of mining and manufacturing industries.

which have since grown so important. In 1855 the colony was invested with full powers of self-government under a Governor sent from Britain. Queensland was formed from its northern territory in 1859.

With the formation of the Australian Commonwealth in 1900, New South Wales became an "Original State," and it was decided that the Commonwealth capital should be erected within it. For this purpose an area of 800 square miles in the Yass-Canberra district has been marked off as federal territory, and the new capital is to be erected at Canberra on the Molonglo River, with a port on Jervis Bay.

**Commercial Centre.**—*Sydney* (770,000), the present capital, stands on the south side of Port Jackson. Its area (100 square miles), depth, and configuration make it one of the finest harbours of the British Empire. Besides being the commercial and political centre, it is also the chief seat of the manufactures of New South Wales.

*Parramatta*, on the western arm of Port Jackson, known as the Parramatta River, has a population of 12,000, and is the centre of the fruit-growing industry (principally oranges).

*Newcastle* (60,000, including suburbs), stands at the mouth of the Hunter River, and is engaged in the export of coal and agricultural products, and has smelting works and factories.

*Maitland* (12,000), at the head of navigation on the Hunter, is similarly engaged. The disastrous floods to which it was at one time liable from the overflowing of the river, are now prevented by a series of stone embankments.

*Broken Hill* (28,000) is the centre of the silver mining industry. Although politically part of New South Wales, its natural outlet to the sea is through South Australia, with which it is connected by rail.

*Bathurst* (9,000) is in the centre of the wheat country.

*Goulburn* (10,000) is the principal inland trading centre.

*Tacga-Wagga* (7,000) is the centre of the Upper Riverina and *Deniliquin* of Lower Riverina.

*Traralgon* (3,000), on the Murrumbidgee, is the most westerly point on the railway in the south of Riverina, as *Port Bourke*, on the Darling, is in the north.

*Orange* (7,000) is in the centre of a wheat and fruit-growing region to the north-west of Bathurst.

*Grafton* (5,000), on the Clarence River, 45 miles from the sea, ships the agricultural produce, copper, and other minerals, from the surrounding region.

*Lithgow* (9,000) is the centre of a small coalfield. *Wollongong* (4,600), is the port from which the coal of Illawarra district is exported.

*Albury* (7,000), on the Murray, in the south, on the border of Victoria, handles the inter-State traffic where a break of gauge occurs.

In the north the break of gauge occurs at *Stanthorpe*, just over the border in Queensland.

*Armidale* is a local centre on the railway to the north.

**Commerce.** In both imports and exports, New South Wales is ahead of all the other States of the Commonwealth, most of the trade is with the United Kingdom. The overseas exports comprise gold, silver, copper, lead, tin, coal, wool, butter, wheat, flour, fruit, timber, meat (frozen and preserved), hides and skins, tallow, leather, cocoanut oil.

**Dependencies.** **NORFOLK ISLAND**, in the Pacific, with an area of 10<sup>1</sup>/<sub>2</sub> square miles, and a population of about 1,000, was formerly under the control of New South Wales, but in 1914 it was made a territory of the Commonwealth of Australia.

**LORD HOWE ISLAND**, with a population of 100, is under the administration of New South Wales. It lies 4.36 miles north-east of Sydney.

Mails are despatched every Friday via Brindisi or Naples. There are also supplementary mails via Vancouver and San Francisco. Sydney is 12,043 miles distant from London. The time of transit is about twenty-two days.

For map, see AUSTRALIA.

**NEWSPAPER POST.**—(See POST OFFICE.)

**NEW TRIAL.**—When one of the parties to a case is dissatisfied with the result, he can apply for a rehearing of the case, and if it is shown that in certain respects there has been a miscarriage of justice, or if good grounds of another kind are adduced, it is sometimes possible to secure this rehearing or new trial. When the case is tried in the High Court, application must be made to the Court of Appeal. The usual grounds adduced are misdirection on the part of the judge at the first trial or a perverse verdict, *i.e.*, a verdict so clearly contrary to the weight of evidence adduced that no body of sensible men could be supposed to arrive at the result recorded by the verdict of the jury. The grounds, however, must be very clear, as the Court of Appeal will be slow to interfere unless a proper case is made out. In the county court, if the litigant is dissatisfied with the result, he must apply to the judge of that county court, and adduce such reasons as will satisfy the court that it is right and just to allow a new trial to take place. It may serve as a warning to state that the mere fact of fresh evidence being ready at hand will not be a good cause for obtaining a new trial, unless some very satisfactory reason is given why the evidence was not forthcoming at the first trial.

**NEW ZEALAND.**—**Position, Area, and Population.** The Dominion of New Zealand, one of the most progressive of British colonies, is an archipelago with an area of 104,751 square miles, or about six-sevenths of the size of the United Kingdom. It lies about 1,200 miles east-south-east of Australia, and almost entirely between the parallels of 34° and 47° south latitude. Two large islands, North Island with an area of 44,468 square miles and South Island with an area of 58,525 square miles, make up the greater part of the dominion. The remainder of the colony is made up of Stewart Island, the Chatham Islands, the Kermadec Islands, and the Cook Archipelago. The population is now just over a million, exclusive of 48,000 Maoris and 13,000 Cook Islanders.

**Coast Line.** New Zealand is a narrow, sea-girt land, with deep bays and steep peninsulas. No place is more than 75 miles from the sea, and hence there are advantages in freight rates to the coast. The coast is in most places high, and sometimes grandly precipitous. Sea inlets are numerous, but the harbour accommodation is, unfortunately, not too conveniently distributed. In the extreme south-west of South Island many fiords penetrate the land, and rival those of Norway in their scenery; they, however, give access to no fertile region beyond. There are no really good harbours on the west coasts of either of the two main islands, but the mouths of



bar-bound rivers. Good harbours are found at Waitemata, the port of Auckland city on the north-west of North Island, which is one of the best harbours in the southern hemisphere, and Port Nicholson on Cook Strait, which holds an enviable commercial position, with easy access by steam to the coasts of both islands. The eastern coast of South Island provides little natural shelter, Akaroa is, however, an admirable natural harbour. Lyttelton, the seaport of Christchurch, has had its harbour made more commodious by artificial means, and Port Chalmers' large bar harbour has been improved by dredging and other methods. The Bluff, the port of Southland, is on Foveaux Strait, which separates South Island from Stewart Island.

**Build.** The surface of the two main islands is essentially mountainous, and the chief mountain ranges have a general north-east to south-west direction. The Southern Alps of the South Island traverse its western side from north to south, and for the most part lie close to the coast. They are lofty (Mount Cook, 12,350 ft.), and are covered with perpetual snow, while the glaciers on them, notably the Tasman and Franz Joseph, are world famed. These mountains are a barrier to communication between the east and west, and act as rain-condensers. Great difficulty is experienced in crossing them, and there are few routes over them, one of the most famous is that through the Otira Gorge and over Arthur Pass. The mountains of the South Island are continued in those lying on the east side of North Island, which are called the Taranaki, Ruahine, Raukumara ranges. They are of much less average height than the Southern Alps. Lofty peaks, all of volcanic origin, lie westward of the latter ranges, and include Mount Egmont (8,206 ft.), Ruapehu (9,195 ft.), and Tongariro (7,511 ft.). North Island is still subject to volcanic disturbances. The volcanic tableland of the centre contains Lake Taupo, the large lake of the colony. Otago, in South Island, is an old plateau almost at right angles to the Southern Alps. The Canterbury Plains, which are nearly of a dead level, occupy the middle of South Island on its eastern side, and cover an area of over 2,500,000 acres. They extend over 100 miles from north to south, and from the sea inland they stretch about 40 miles, forming the chief lowland area of New Zealand. Lowland tracts are found in the district round Hawke's Bay, and the Wairarapa Plain lying between mountains in the southern part of North Island. Although New Zealand possesses numerous rivers, there are none of any great commercial importance. The Waikato, which flows northwards through Lake Taupo, is the longest river of the colony, but is navigable for small steamers for only about 50 miles, while the fast flowing Clutha or Molyneux River of South Island, notwithstanding the fact that it has the largest volume of water of all New Zealand rivers, enables small river steamers to ascend only 30 miles inland from the coast.

**Climate.** The latitude of New Zealand in the southern hemisphere corresponds very nearly with that of Italy in the northern hemisphere, Auckland having about the same latitude as Cape Passaro in Sicily, and Dunedin the same as Venice. The heat of summer and the cold of winter are tempered by oceanic influence, and so the summers are not excessively hot nor the winters cold. Such conditions are most favourable to agriculture. The range of temperature is very small, as the following figures show—

|                      | • Auckland. | Wellington. | Christchurch. | Hokitika. |
|----------------------|-------------|-------------|---------------|-----------|
| Annual temperature . | 59.0        | 55.25       | 52.8          | 53.25     |
| January (summer) .   | 66.6        | 62.6        | 62.0          | 62.6      |
| July (winter) . . .  | 51.4        | 47.6        | 42.5          | 47.6      |

The mean annual temperature of North Island is about 4° higher than that of South Island. The rainfall is abundant and well distributed throughout the year, especially in South Island, winter and spring are the seasons of heaviest fall. Westerly winds bring the most rain, and hence the western slopes of the mountains and the plains at their base receive a heavy rainfall; in some localities as much as 80 to 100 in., while the Canterbury Plains under the lee of the mountains have an annual rainfall of less than 30 in. North Island has an average annual rainfall of 51.3 in., and South Island has 46.6 in.; both islands have on an average 151 rainy days in the year. In the northern part of North Island a "Mediterranean" climate exists, but summer droughts are less marked there than in other countries with the same type of climate. New Zealand has a high percentage of bright sunshine, even rivaling Italy, this is a factor of prime importance in the production of excellent fruits and the finest quality in cereals.

**Industries and Productions.** *The Pastoral Industry* is of prime importance, and for this the colony possesses great advantages in her fertile soils, sufficient rainfall, mild winters, and the facility with which much of the bush can be converted into grazing land. Sown grasses are grown almost everywhere, and about 80 per cent. of the cultivated land is under artificial grasses. Sheep rearing is largely carried on in the provincial districts of Wellington, Canterbury, Otago, Hawke's Bay, Auckland, Marlborough, and Nelson, over 25,000,000 sheep are fed. The principal breeds of sheep till recently were the Merino and the Lincoln, now cross-breeds and other long-wools are the chief, as they are more suited to the changed conditions caused by the frozen meat trade. Cattle are bred to the number of about 3,000,000, North Island has about three-quarters of the total, the chief provinces being Auckland, Wellington, and Taranaki. Otago has the most in South Island. Much attention is paid to dairying, and New Zealand butter and cheese have an excellent reputation in the British markets. The mild climate, splendid pastures, and plentiful water supply are factors ensuring the success of the industry. The Danish factory and co-operative system has been adopted in the dairy provinces, Taranaki, Auckland, and Wellington produce much butter, and Otago and Taranaki make excellent cheese. Horses are reared in Auckland, Otago, Wellington, and Canterbury, the limestone soils of Oamaru and Canterbury are well adapted to horse-rearing. Rabbits, still a pest, are exported in large quantities.

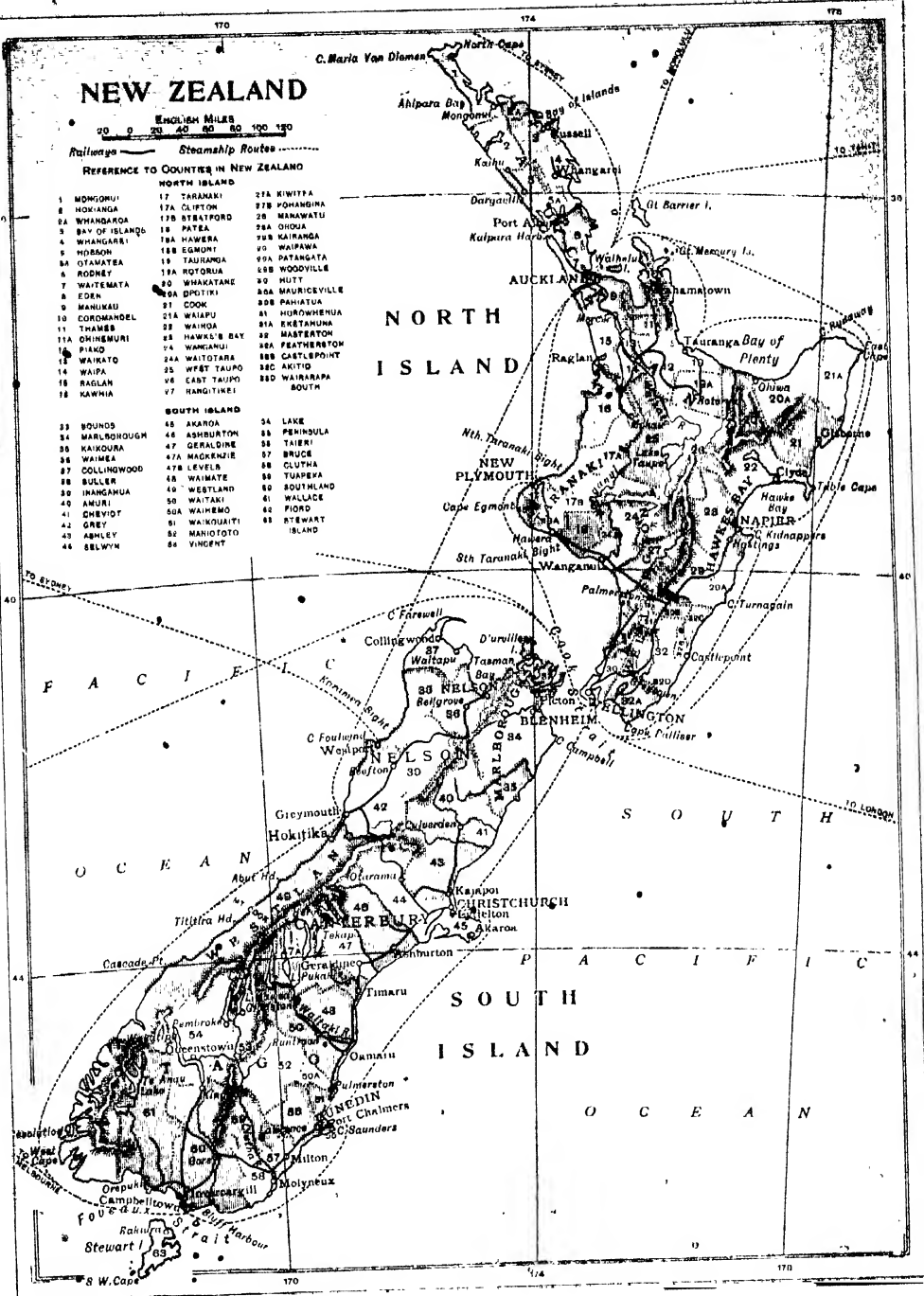
*Agriculture.* Agriculture can be carried on with much certainty and with good results in New Zealand. Pastoral industries at present predominate, but large quantities of wheat, oats, barley, potatoes, and fruits are produced, and in Auckland maize is grown, owing to the suitability of the climate. The yield of the various cereals is much higher than in Australia, and even approaches that of the British Isles. Almost 75 per cent. of the total acreage under wheat is in the rich province of Canterbury, where rainfall and soil are favourable. Otago comes next with almost a quarter of the acreage. Wellington and Otago are the chief oat-growing provinces,

# NEW ZEALAND

20 40 60 80 100 120  
ENGLISH MILES  
Railways Steamship Routes

REFERENCE TO COUNTIES IN NEW ZEALAND

| NORTH ISLAND     |                |                   |
|------------------|----------------|-------------------|
| 1 MONGOMUI       | 17 TARANAKI    | 27A KIWITEA       |
| 2 HOKIANGA       | 17A CLIFTON    | 27B PONGAHU       |
| 3 BAY OF ISLANDS | 18 PATEA       | 28A WAKAMATU      |
| 4 WHANGAREI      | 18A HAWERA     | 28B OHOUA         |
| 5 HOBSON         | 18B EGDMONT    | 29 KAIHANGA       |
| 6 OTAMATEA       | 19 TAUHANGA    | 30 WAIKANA        |
| 7 ROTORUA        | 19A PATANGATA  | 31 WAIKANA        |
| 8 RODNEY         | 20 WHAKATANE   | 32 WOODVILLE      |
| 9 WAITEMATA      | 20A DUNSTON    | 33 MAURICEVILLE   |
| 10 EGEN          | 21 COOK        | 34 PAHIATUA       |
| 11 MANUKAU       | 21A WAIAPU     | 35 HURDWHENUA     |
| 12 CORDONADEL    | 22 WAIKOA      | 36 EKETAHUHA      |
| 13 THAMES        | 23 HAWKE'S BAY | 37 MASTERTON      |
| 14 ORIHEMURI     | 24 WANGANUI    | 38A FEATHERSTON   |
| 15 PIKO          | 25 WEST TAUPO  | 38B CASTLEPOINT   |
| 16 WAIKATO       | 26 EAST TAUPO  | 39 AKITIO         |
| 17 WAIKA         | 27 HANGITIKEI  | 40 WAIRARAPA      |
| 18 RAGLAN        |                | 41 SOUTH          |
| 19 KAHIA         |                |                   |
| SOUTH ISLAND     |                |                   |
| 22 BOUNDS        | 46 AKAROA      | 54 LAKE           |
| 23 MARLBOROUGH   | 47 ASHBURTON   | 55 PENINSULA      |
| 24 HAIKOURA      | 48 GERALDINE   | 56 TAIRI          |
| 25 WAIMEA        | 49 MACENZIE    | 57 BRUCE          |
| 26 COLLINGWOOD   | 50 LEVELS      | 58 CLUTHA         |
| 27 SULLY         | 51 WAITARE     | 59 TAIAPU         |
| 28 HANGAHUA      | 52 WESTLAND    | 60 SOUTHLAND      |
| 29 AMURI         | 53 WAITAKI     | 61 WALLACE        |
| 30 DUNEDIN       | 54 WAIRERANGI  | 62 FIDDIS         |
| 31 GREY          | 55 MANIOTOTO   | 63 STEWART ISLAND |
| 32 ASHLEY        | 56 VINCENT     |                   |
| 33 BELWYN        |                |                   |





and barley in small quantities is grown in the same regions. In the "Mediterranean" region of North Island the orange, lemon, olive, lime, and vine are cultivated, and fruit has been successfully exported to London. New Zealand flax or phormium occupies a large area of the swamp lands, its leaves, sometimes 10 ft. long, provide fibres which are used in the production of cordage, rope, and twine. Only one-eighth of New Zealand is considered to be permanently unproductive.

**Forestry.** Millions of acres, especially on the mountain ranges of the west of both islands, and in the centre of North Island, are still clothed with dense forests, the forest trees are largely evergreen, and pines or small-leaved beeches predominate. The most valuable kinds of timber are totara, kauri, pine, beech, rata, and matai. The kauri pine grows only in the Auckland province north of 39° south latitude; the local demand has led to vast clearings, but afforestation is now receiving attention. Beside valuable timber, the kauri supplies an amber-like gum, which is largely used in making varnishes. Kauri gum is found in large masses at the foot of the trees, or in the ground cleared of kauri forests. A striking feature of the New Zealand flora is the tree ferns, which sometimes attain the height of 50 ft.

**The Mining Industry.** The mineral resources of New Zealand are great, and have exercised a potent influence on her development and progress. Gold and coal are the chief minerals. Quartz and alluvial mining for gold are carried on, 65 per cent. of the total gold production comes from the quartz mines. The richest goldfields are in the district of Auckland, on the west coast, and in Otago. Reefton, Lyell, Hokitika, Kumara, Coromandel, Thames, Ross, and Waihi are important centres. Coal to the extent of about 2,000,000 tons is mined annually, and is widely distributed. Coal mining is destined to become an important industry, especially on the west coast of South Island, where excellent bituminous coals exist. The mines in Otago, and at Westport and Greymouth on the west coast, are the most important, and yield two-thirds of the total production. Small quantities of coal come from Waiakato, Kawakawa, and southland. Silver is found in various localities, and sometimes mixed with gold. Amongst other minerals are brown haematite ore at Parapara, near Nelson, iron sand from the coast near New Plymouth, and sulphur from the Hot Lakes District.

**The Fishing Industry.** The fisheries are somewhat neglected. Auckland and Otago have the most fishermen. Oysters are exported from Stewart Island, and from Russell, north of Auckland. Schnapper and other fish are sent to Australia.

**The Manufacturing Industries.** Manufactures have developed greatly for so young a colony, and are connected, as might be expected, with the grazing, agricultural, and mining industries. The largest manufacturing provincial districts are Auckland, Wellington, Canterbury, and Otago. Of centres, Dunedin makes agricultural machinery, Christchurch makes leather goods, Wellington is noted for its textile (wool) and meat industries, and its brewing, and Auckland makes furniture, rope, and pottery.

**Communications.** The railways of North Island run southward from Auckland to the south of the province, northward from Wellington through Woodville to Napier, and westward from Woodville to New Plymouth. In South Island the main

line runs from Invercargill through Dunedin, Palmerston, Oamaru, Timaru, to Christchurch and Lyttelton; it has numerous branches to the north and west. There are short lines from Pictou, Nelson, Westport, Greymouth, and Hokitika. Two roads cross the Southern Alps—one from Hokitika through the Otira gorge to Christchurch, and the second from Westport to Nelson and Blenheim. Coasting traffic is important, and counterbalances to some extent the disadvantages of the disconnected railways.

**Commerce.** The exports of New Zealand are wool, timber, frozen meat, butter and cheese, gold, kauri gum, phormium fibre, skins (sheep and rabbit), and coal. The imports consist of textile, wearing apparel, boots and shoes, iron goods, sugar, tea, books, stationery, and alcoholic drinks. Over 70 per cent. of New Zealand's trade is carried on with the United Kingdom. The remainder is mainly with the United States, Australia, Fiji, India, and Ceylon.

**Trading Centres.** The chief trading centres are the ports. The largest town is *Auckland* (131,000), lying on the southern shore of the Waitemata Harbour, on a narrow neck of land between the Waitemata and the Manukau. It is a centre from which radiate rail, road, and steamer routes. Among its industries are shipbuilding, sugar refining, and the manufactures of rope, twine, furniture, and pottery. "The Cornuth of the South Pacific" is an apt title for Auckland.

*Wellington* (95,000), the political capital, is situated in the south west angle of Port Nicholson, on Lambton Harbour. The principal industries are represented by saw mills, soap and candle works, boot factories, meat freezing works, and rope and twine works. Auckland and Wellington are the chief importing and exporting centres of North Island.

*Christchurch* (93,000 with suburbs), the capital of the Canterbury district, is situated on the plain, and is the centre of trade and commerce for the North Canterbury agricultural and pastoral country. Lyttelton, on Port Cooper (7 miles distant) is its outpost.

*Dunedin* (69,000), the capital and commercial centre of Otago, is situated at the head of Otago Harbour, and is 8 miles distant from its seaport, Port Chalmers.

*Invercargill* (18,000), the chief town of Southland, is provided with a small harbour in the New River estuary, but the Bluff is the principal port, and is the first and last port of call for steamers trading with Tasmania and Australia. The exports are timber, wool, and grain.

*Napier* (15,000), on Hawke Bay, is a busy town, exporting wool and frozen meat. Port Murihi is one mile from the town.

*Timaru* (14,000) is the port of shipment for the agricultural and pastoral districts of Geraldine, Fenwick, and Waimate, of Canterbury Province. Meat freezing, sawmilling, and flourmilling are carried on.

*Oamaru*, the second town of Otago, is the centre of a farming district, and possesses a good harbour. Its exports are wool, grain, and frozen meat.

*Westport* is situated at the mouth of the Buller River, and possesses the finest harbour on the west coast of South Island. Like *Greymouth*, the import and export town of Westland, it exports excellent bituminous coal.

*Hokitika*, at the mouth of the Hokitika River, exports gold and timber.

*New Plymouth* is the chief town of Taranaki.

**Dependencies.** New Zealand forms a separate Dominion, having declined to be incorporated with the Commonwealth of Australia. It enjoys a separate Government, like all the other self governing States of the British Empire.

The following are dependencies of New Zealand—

*Auckland Islands* are a small group of uninhabited islands, the largest of which has an area of about 330 square miles.

*Chatham Islands* are about 480 miles east-south-east of Wellington. The largest contains about 222,000 acres. They are used principally for grazing sheep.

*Cook Islands* and other small island groups of the eastern Pacific, are very fertile and healthy. They have a total area of 150 square miles and a population of about 13,000. The chief products are bananas, copra and oranges.

*Kermadec Islands*, 600 miles north-north east of New Zealand, with an area of 15 square miles are now uninhabited.

The New Zealand Parliament has accepted the mandate to hold German Samoa on behalf of the League of Nations.

Mails are despatched every Friday via Suez, and also periodically via San Francisco. Wellington is about 16,000 miles distant from London. The time of transit is a little over thirty days by the American route, and nearly forty days via Suez.

**NEW ZEALAND HEMP.**—Also known as New Zealand flax. It is the fibre obtained from the *Phormium tenax* of New Zealand. The plant may also be grown in Britain. The fibre is used for making ropes and baskets. Its commercial importance is increasing in proportion as the price of Manila hemp advances.

**NEXT FRIEND.** As an infant cannot, generally speaking, enter into any legal obligation, he is not entitled to sue in any court of law in his own name. He must procure some other person who is *sui iuris* (*q.v.*), in whose name the action runs, and this person, who is known as the "next friend," is responsible for the costs of the action in case judgment is given in favour of the defendant. Any person may act in this capacity, with the exception of a married woman. If the father of the infant is alive, he is generally the person who acts. The "next friend" must give an undertaking to be responsible for the costs incurred. When an infant is defendant in a case, he is sued through a person who is called a guardian *ad litem* (*q.v.*).

There is no necessity for the appointment of a "next friend" where an infant sues in a county court for any sum not exceeding £100 for wages or piece work, or for work done as a servant. He may prosecute such action in the same manner as if he was of full age.

**NEXT-OF-KIN.**—The next-of-kin are originally and properly the nearest in proximity of blood, whether of the whole or the half-blood, living at the death of the persons whose next-of-kin are spoken of, but the expression is often used of the persons entitled to succeed to the personal property of an intestate under the Statutes of Distributions (*q.v.*). There are two degrees of kindred: the one in the lineal or direct line ascending or descending, and the other in the collateral or indirect line, and each of these lines is sub-divided as the relationship is one of consanguinity or one of affinity, though those connected by affinity have no rights of succession to an intestate. The lineal line by way of consanguinity,

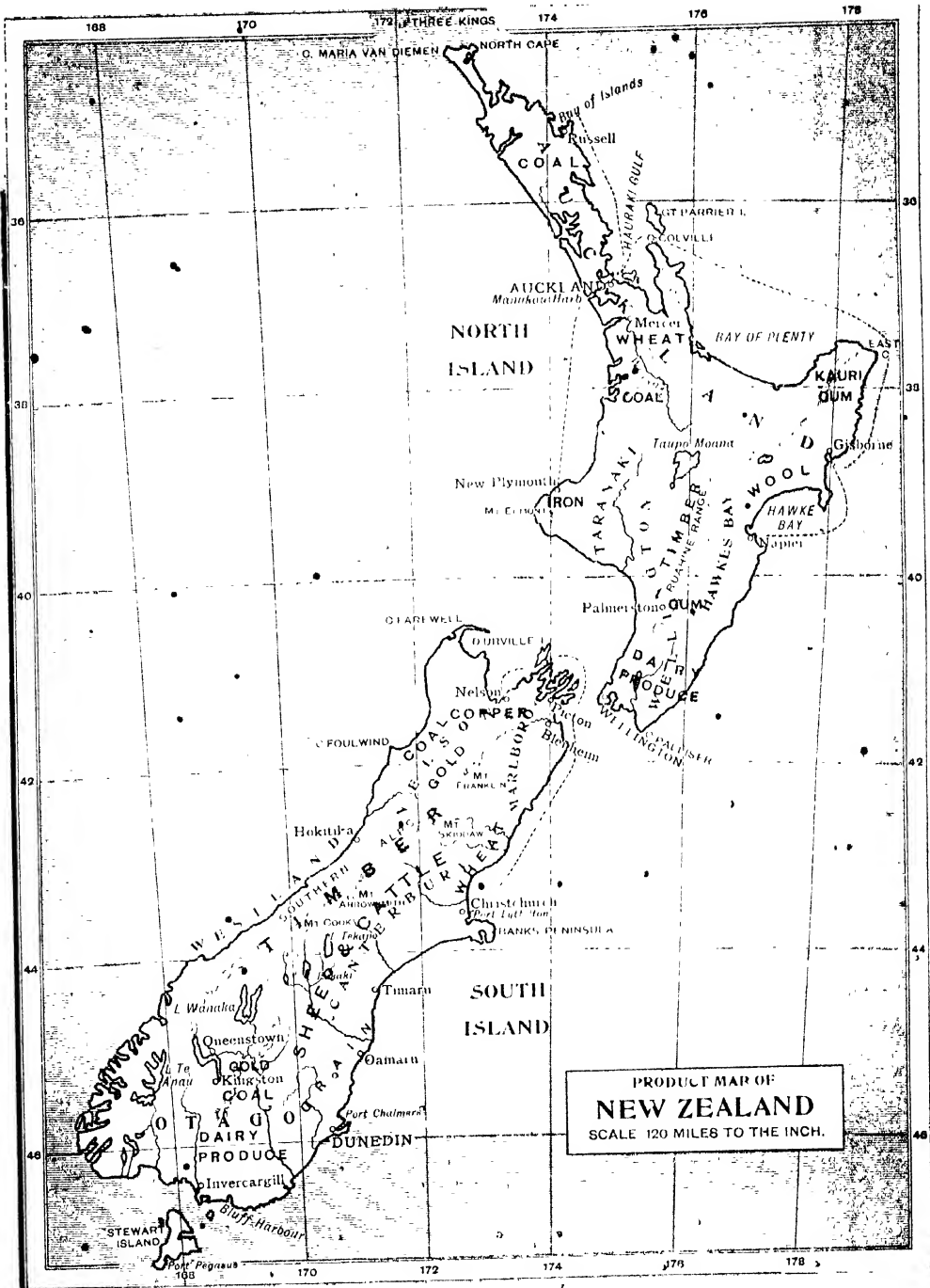
as it ascends, is father, mother, grandfather, and so on, and as it descends is son, daughter, grandson, and so on; by way of affinity, as it ascends, it comprises step-father and step-mother, father-in-law and mother-in-law, and as it descends it comprises step-son, step-daughter, son-in-law, and daughter-in-law. The collateral line by way of consanguinity includes brothers and sisters, brothers' children and sisters' children, uncles and aunts, and so on, while the collateral line by way of affinity includes brothers' wives, sisters' husbands, uncles' wives, and so on. For the purpose of distribution of an intestate's personal estate, no preference is given, in general, to males over females, nor to the paternal line over the maternal line, nor to the whole over the half-blood, as in the case of descent of land, nor does a child stand in the place of its parent. The general principle as regards the more distant relatives is that the personal estate divisible among the next-of-kin is equally divided among those who are collaterally related in an equal degree to the intestate and their legal representatives, and all the next-of-kin of one degree must be eliminated before those of a more remote degree are admitted to share in the distribution. The degrees of kindred are computed according to the civil law upwards to the ancestor and downwards to the issue, each generation being reckoned as a degree, *e.g.*, from A to his father, or to A's son, is one degree, from A to his grandson is two degrees, and from A to his sister is also two degrees, *i.e.*, one up to the father and one down to the sister, from A to A's nephew is three degrees—one up to A's father and two down to the nephew. There are, however, exceptions to these rules, *e.g.*, on the total failure of descendants, the father takes to the exclusion of the mother, and brothers and sisters succeed before a grandfather or grandmother. In cases of intestacy, administration may be granted to a husband or a wife, or to the next-of-kin, those being preferred who are nearest in degree to the intestate.

In the case of a domiciled foreigner leaving personal property in England, his next-of-kin will be ascertained by the law of his foreign domicile, so that *e.g.*, a person legitimated according to the law of his domicile by the subsequent marriage of his parents might be qualified to take, though by English law he would be illegitimate.

A testator sometimes bequeaths his property to his "next-of-kin." That expression is construed by the courts to mean his "next-of-kin" in the primary sense of the word, and not his statutory next of kin, and does not, therefore, include persons claiming by representation, *e.g.*, the children of a deceased sister, unless there is either an express reference to the Statute of Distributions, or an implied reference thereto, *e.g.*, where a division is directed, or reference is made to intestacy. A husband is not next-of-kin to his wife, nor wife to husband, and neither would be entitled under a bequest to the statutory next-of-kin.

Since the Deceased Wife Sister's Act, 1907, if a man after the death of his wife marries her sister and has children by her, the children will stand in the same position as then half-brothers and sisters as next-of-kin to their father, or half brother. (See **INTESTACY**, **DISTRIBUTION**, **STATUTES**.)

**NICARAGUA.**—Nicaragua, the largest of the Central American Republics, has Honduras on the north, Costa Rica on the south, the Caribbean Sea on the east, and the Pacific Ocean on the west. Its area is 49,200 square miles, and its population is





estimated at 800,000. Along the Caribbean coast stretches a great alluvial plain, and behind lie extensive highlands reaching a height of 7,000 ft. Where the country narrows, the barrier between the two oceans is only 150 miles wide, and the western half consists of a great depression, 100 ft. above sea-level, occupied by Lakes Managua and Nicaragua. The San Juan River from the eastern end of Lake Nicaragua gives connection with the Atlantic. It has been proposed to construct a canal (185 miles) from Greytown on the Atlantic to Ruto on the Pacific across this depression, utilizing the San Juan River and Lake Nicaragua, but the existence of active volcanoes on islands in Lake Nicaragua threatens the safety of the canal. As in Mexico, three climatic regions may be distinguished: (1) The hot alluvial plains region, up to a height of 2,000 ft. (*tierra caliente*), (2) the higher temperate region, 2,000 to 6,000 ft. (*tierra templada*), and (3) the still higher and colder region, 6,000 ft. and upwards (*tierra fria*). The rainfall is great, but most falls on the eastern slopes. Most of the people live by agriculture, and this industry would develop much were it not for the scarcity of labour. The climate and soil are specially suited to coffee, and this is the chief product. Other products include rice, tobacco, bananas, cocoa, and sugar on the fertile plains and hills, and mahogany and other valuable woods and rubber from the forests. Cereals are little grown. The pastoral industry is important on the highlands, and many cattle are reared. There is mining for gold and silver in the north, and copper, coal, oil, and precious stones are also found in the country. Local manufactures include furniture-making, cigars, cigarettes, sugar, and rum. Few good roads exist in the country, but there are signs of development. The main railway line runs from Comoto to Leon, Managua, Granada, and Duramba, with branches to El Viejo and Monatombó. Steamers ply on the San Juan River and the lakes. The principal exports are coffee, bananas, coconuts, cocoa, timber, hides and skins, and the main imports are iron goods, bread-stuffs, and cottons. Most trade is with the United States, Great Britain, and France. The chief trade centres are Managua (48,000), on Lake Managua, the capital, Leon (63,000), the old capital, Bluefields and Greytown, Atlantic ports, Corinto and San Juan del Sur, Pacific ports; and Masaya, Granada, and Chinandega, inland centres.

Managua is 5,800 miles from London. There is mail communication both direct and via the United States. The time of transit is about twenty-five days.

For map, see CENTRAL AMERICA.

**NICARAGUA WOOD.**—The dye-wood obtained from the *Cesalpinia echinata* of tropical America. Peachwood is another name for the same article. The timber exported from Peru is considered the best.

**NICKEL.**—A hard, whitish metal, which is principally obtained from *Kupfer-nickel*, an ore with a copper-like appearance, consisting of nickel and arsenic. It is also extracted from nickel blende and from a sort of iron pyrites. The arsenical ore is found in Central Europe, especially in Germany and in the United States. Nickel is largely employed as the base of silver-plated goods, and is also used alone for various articles, such as spoons, crucibles, etc. It is of great value as an alloy, the chief compound for which it is employed being German silver, which contains about 20 parts of nickel to 50 of

copper and 30 of zinc. Numerous articles for domestic use are made of German silver (*q.v.*). The chief source of supply of the United Kingdom requirements is Canada.

**NICKEL STEEL.** An alloy of steel and 3 to 4 per cent. of nickel, used for armour plates of men-of-war. Its use has been greatly extended of late years for steel requiring great tensile strength and of light weight. By the addition of chrome, the effect of the nickel on the steel is emphasised, and nickel-chrome-steel is now perhaps the best form of tough steel used. It is much utilized in the manufacture of an engine.

**NIGERIA.**—This is the name given to that portion of British territory in the west of Africa which is watered by the river Niger, between Bahomey on the west and the Kammuns on the east. The total area of the territory is about 330,000 square miles, and the population is estimated to be 16,000,000.

After a few years of spasmodic settlement, the Royal Niger Company was established and a charter granted to it in 1886. Owing to various difficulties, however, the rights of the company were transferred to the British Crown in 1900, when the territory was divided into Northern and Southern Nigeria, with the latter of which Lagos was incorporated in 1906. The colony and protectorate of Southern Nigeria was amalgamated with the protectorate of Northern Nigeria, in 1914, to form the "Colony and Protectorate of Nigeria" under a governor-general.

The country is very unhealthy near the coast, but inland it rises to a considerable elevation, and existence is tolerable to Europeans. The chief industry is agriculture, and the crops are cotton, cocoa, groundnuts, maize, guinea corn, millet, rice, coffee, yams, cassava, and tobacco. The principal products which are exported are palm oil, gum, copal, and rubber. Tin-mining is an important industry in the northern province.

The headquarters of government are at Lagos. Other towns or trading centres are Calabar, Benin, Brass, Akassa, and Forcados in Southern Nigeria, whilst Jibba and Lokopa are important places in Northern Nigeria.

There is a weekly communication with the United Kingdom, and the time of transit to Lagos is about sixteen days.

For map, see AFRICA.

**NISI PRIUS.**—A Latin phrase meaning "unless before." The name is usually given in England to the sittings of the courts of first instance in civil cases, tried either in the High Court of Justice or at the Assizes. These were the first two words of the old form of the writ summoning parties to appear at Westminster, "unless before" the appointed day the judges of assize should have come into the county. The Commission of Nisi Prius is one of the authorities contained in the commission of assize (*q.v.*), giving the persons named therein authority to try civil causes.

**NISI PRIUS, COMMISSION OF.**—This is one of the authorities contained in the commission of assize giving the persons therein named authority to try civil causes. The name has a distinctive and interesting history, and referred to the summoning of juries to Westminster for the trial of certain issues *nisi prius* (*i.e.*, unless before) the date of the summons the judges appointed to hold the assize should come into the county.

**NITRATES.**—Under this general heading may be



grouped the natural nitrates of Chili, largely of animal and plant origin, the artificial compounds now manufactured by the fixation of atmospheric nitrogen in Germany and Norway, and the saltpetre produced by the promotion of bacterial activity in organic waste. The use of nitrates in munitions of war greatly stimulated the Chiliian output in recent years. The greater part of the output formerly came to Europe, but latterly the United States has taken more than half. Artificial production will relieve the demand for Chiliian nitrates and eventually decrease their value.

**NITRE.**—A colourless solid with a saline taste, occurring either in the form of prismatic crystals or as a crystalline powder. It is found as an incrustation of the soil of tropical countries, especially in India, but is now usually prepared artificially by the action of nitric acid upon potash, Chiliian nitrate of soda and Stassfurt chloride of potash being the chief sources of commercial nitre. The chemical symbol of nitre is  $\text{KNO}_3$ . Owing to the large proportion of oxygen, it burns rapidly, and is, therefore, largely employed in the manufacture of gunpowder and in pyrotechnics. It is also used for salting meat, as a remedy for sore throat and rheumatism, and in the preparation of nitric acid. Other names for the same substance are saltpetre and nitrate of potash.

Cubic nitre is nitrate of soda, and owes its name to the cube-like form of its crystals. It is a white saline nitre or saline, as an incrustation of the soil in Bolivia, Peru, and Chili, and sometimes called Chili saltpetre. It is very similar to the ordinary product, but is not a suitable ingredient of gunpowder. It forms a useful manure. Its chemical symbol is  $\text{NaNO}_3$ .

**NITRE CAKE.** The refuse at the bottom of retorts, from the manufacture of nitric acid, brought from chemical works, it is largely used in the manufacture of artificial manures.

**NITRE, SWEET.** A colourless, inflammable liquid, consisting of alcohol and nitrate of ethyl. It is prepared by distilling alcohol with a mixture of nitric and sulphuric acid and copper. The chemical symbol is  $\text{C}_2\text{H}_5\text{NO}_2$ . Sweet nitre has a sharp taste and an ether-like smell. It is used medicinally to promote perspiration. It is also known as nitrous ether.

**NITRIC ACID.** Also known as aqua fortis (*qv*). A yellowish, highly corrosive liquid obtained by heating nitrate of sodium with concentrated sulphuric acid. It is the base of an important series of salts known as nitrates, and is a powerful oxidising agent, attacking and destroying nearly all organic substances. Mixed with hydrochloric acid, it is known as aqua regia (*qv*), and will dissolve gold and platinum. It is used in a diluted form in conjunction with bitter infusions as a remedy for biliousness, but it is chiefly valuable in chemical processes. It is also largely employed for etching, engraving, etc., and in the preparation of numerous derivatives. Its chemical symbol is  $\text{HNO}_3$ .

**NITRO-BENZOL.**—Another name for essence of nitrane (*qv*). It is a constituent of a number of so-called "safety" explosives, used chiefly for coal-getting.

**NITRO-GLYCERINE.**—A yellowish, oily explosive compound, obtained by dissolving glycerine in a mixture of strong nitric and sulphuric acids. It decomposes quietly when heated slowly, but explodes with great violence when struck by a hammer. It is rarely used alone, owing to the

danger connected with its storage, though spontaneous explosion is the result of the presence of impurities. It is an essential constituent of dynamite (*qv*), and of blasting gelatine, being mixed in the latter case with nitro-cotton. Nitro-glycerine is sometimes used medicinally, but owing to its poisonous properties the doses are minute.

**NITROUS ETHER.**—(See NITRE, SWEET.)

**NO ACCOUNT.**—These two words are written upon a cheque by a banker when the cheque is presented to him for payment and the drawer has not, in fact, any account with the bank. If a person draws a cheque in this manner and obtains goods or other valuable things in exchange for the cheque, he is liable to be proceeded against on a criminal charge of obtaining by false pretences (*qv*).

**NO ADVICE.**—Like the words "no account," the words "no advice" are mainly confined to banking, and are written upon a bill of exchange by a banker when the bill has been made payable at his bank and the acceptor has not provided funds or otherwise arranged for its liquidation. The words practically mean this, "I have no instructions as to this bill and therefore cannot pay it." Although the letters N/A are sometimes used as an abbreviation of this expression, it has been proved that it is safer for a banker to write the two words in full in order that complications may be avoided.

**NO FUNDS.** These two words are generally written on the face of a cheque which is presented to a banker when the banker has not in his hands any moneys of the drawer to meet the same.

**NOLLE PROSEQUI.**—This is a legal phrase, used in connection with criminal prosecutions, where the Crown intimates to the court that there is no longer any intention of proceeding with a case which has been instituted against a prisoner.

This peculiar hue is adopted in certain cases where it appears that the evidence is so clearly inadequate that there is not the slightest chance of a conviction being obtained, or where a prisoner has been placed once or more upon his trial and the jury, without acquitting him, have failed to agree upon their verdict.

**NOMINAL.**—This word means "in name only." It is used in a number of combinations, such as nominal accounts, nominal capital, nominal consideration, nominal exchange, nominal partner and nominal value.

**NOMINAL CAPITAL.**—This is the amount of the capital of a joint stock company authorised by its memorandum of association. It is also known as the "authorised" or the "registered" capital. (See CAPITAL.)

**NOMINAL CONSIDERATION.**—Sometimes shares in a joint stock company are transferred from one person to another, and no money is paid by the transferee. Also on occasions shares are transferred in a similar manner to a bank or to the nominees of a banker as security for an advance or an overdraft. When such a transfer is made it is usual to insert in the document of transfer a small consideration, the sum being ordinarily 5s., and this is the nominal consideration. A transfer of this kind is subject to a stamp duty of 10s.

It is not to be supposed, however, that a transfer of this kind, for a nominal consideration, is freed from the stamp duty which would be payable under different circumstances. For example, a conveyance or a transfer which operates as a voluntary

disposition *inter vivos* is liable to the same stamp duty as though it was a conveyance or a transfer on sale, with the substitution in each case of the value of the property conveyed or transferred for the amount or value of the consideration for the sale. But a conveyance or transfer made for a nominal consideration for the purpose of securing the repayment of an advance or loan is not so charged, the duty remaining at 10s.

The Stamp Act, 1891, imposes on all registering officers the duty of satisfying themselves that all instruments of transfer are adequately stamped before they admit them for registration. In a circular in April, 1910, the Board of Inland Revenue point out to all registering officers, who may have to deal with instruments purporting to be properly stamped with the fixed duty of 10s., the necessity of satisfying themselves that the provisions of the law have been complied with in each case before they admit the instrument to registration.

A copy of the form, supplied by the Inland Revenue, on which to supply the required explanation, is given below.

Copies of the circulars issued by the Board of Inland Revenue, regarding nominal considerations, will be found under the heading TRANSFER OF SHARES.

**NOMINAL PAR.**—This is the value which is stated upon the face of a bond or certificate. If the market price is above or below the nominal or face value, it is said to be "above par" or "below par" (See PAR).

**NOMINAL PARTNER.**—This is a person who has no real interest or benefit in a business which is carried on under, or styled with, his name, but who allows his name to be used in connection with it. If he holds himself out as apparently having an interest in the business he is liable for the debts of the concern as though he was in fact a partner. A person often continues as a nominal partner in a business after he has retired from it, when it is thought that a change of name might damage the reputation which the business has previously enjoyed. By reason of the Limited Partnerships Act, 1907, it is now possible for a person who occupies the position of a nominal partner to

From

To.....

Reference of Inquiry.

Explanation

Names of Parties .....

Name of Company .....

Of the circumstances in which the actual market value of the securities transferred is not shown as the consideration—

If for instance the transfer is made (1) on a sale; (2) by way of gift *inter vivos*, (3) in satisfaction, in whole or in part, of a pecuniary bequest; (4) in liquidation of a debt, (5) in exchange for other securities, *ad valorem* duty at the rate of 10s. per cent. on the value or agreed value of the consideration, is payable. In the case of a transfer by way of gift *inter vivos*, the *ad valorem* duty is payable on the value of the property transferred, and the instrument of transfer must be adjudicated in the Solicitor's Department, Somerset House.

The fixed duty of 10s. is payable when the transaction falls within one of the following descriptions—

(a) On the appointment of a new trustee or the retirement of a trustee.

(b) A transfer as for a nominal consideration to a mere nominee of the transferor where no beneficial interest in the property passes.

(c) A security for a loan; or a re-transfer to the original transferor on repayment of a loan.

(d) A transfer to a residuary legatee of stock, etc., which forms part of the residue divisible under a will.

(e) A transfer to a beneficiary under a will of a specific legacy of Stock, etc.

(f) A transfer of Stock, etc., being the property of a person dying intestate, to the party, or parties entitled to it.

Signed .....

Address .....

Dated.....19 .....

limit his liability under certain conditions. (See LIMITED PARTNERSHIP, PARTNERSHIP.)

**NOMINAL PRICE.**—The price given as the nearest market value of goods and securities which are only slightly dealt in, it being understood that the price exists in name only, and that business may or may not be done at it.

**NOMINEE.**—A person named. Sometimes a person who is interested in a business transaction does not wish his own name to be put forward, although he is the individual interested. He therefore names another to take his place, and such person is known as his nominee.

**NON-BUSINESS DAYS.**—For the purposes of banking and under the Bills of Exchange Act, 1882, Sundays, Good Friday, Christmas Day, bank holidays as fixed by the Bank Holidays Act, 1871 (and Acts amending the same), and days appointed by Royal proclamation as public fast or thanksgiving days are non-business days. All other days are business days.

**NON-CUMULATIVE DIVIDEND.**—When the payment upon preference shares in a joint stock company is confined to each separate year, no notice being taken of a deficiency in a previous year, the dividend is said to be non-cumulative. If, on the other hand, the profits of any particular year are to be utilised for making up deficiencies in other years, the dividend is said to be cumulative.

**NON-CUMULATIVE PREFERENCE SHARES.**—(See PREFERENCE STOCK AND SHARES.)

**NON-DISCLOSURE.**—Although misrepresentation leading to a contract will lead to its rescission at the instance of the party who has been misled, a mere non-disclosure of facts will not, in general, have this effect. If, however, the contract is one of those termed "*contracts uberrimæ fidei*," each contracting party is under a duty to disclose to the other all material facts known to him, and failure to do so will vitiate the contract. Apart from this, the respective positions of the parties may be such as to necessitate full disclosure, for example, the relations of company promoters to the company they promote. The general rule is, that promoters may make any profits they choose out of the promotion, provided such profits are fully disclosed to the company, *e.g.*, to the intended shareholders. Promoters cannot escape liability by providing a board of directors who are merely promoters' nominees, and disclosing to them. Unless, therefore, disclosure is made to an independent board, or to the whole body of shareholders, the company may sue for the rescission of the contract and for repayment of moneys paid under it, or may, at its option, compel the directors to hold themselves trustees of the secret profit and accountable for it to the company.

**NONFEASANCE.**—In legal language this term signifies the omission of something which ought to be done, and must be carefully distinguished from malfeasance or misfeasance (*q.v.*). The distinction between these terms becomes of importance in the law of torts (*q.v.*) when damage has arisen through the negligence of a person. A private individual, generally speaking, is responsible for the consequences of his malfeasance, misfeasance, or nonfeasance. On the other hand a corporate body is generally only liable civilly for acts of malfeasance or misfeasance, and is exempt where the damage has resulted entirely from nonfeasance.

**NON-SUIT.**—When an action comes on for trial in a court of law, it may happen that the plaintiff

is not able to establish his case, *i.e.*, he cannot bring forward sufficient evidence to substantiate his claim. In such a state of affairs it is the duty of the presiding judge to put a stop to the proceedings. Technically, this is called non-suiting the plaintiff, and practically it amounts to a judgment for the defendant, but it does not preclude the plaintiff from bringing another action in respect of the same claim if he is able to produce further evidence to assist him.

**NON-TRADING PARTNERSHIP.**—When an association is formed for the carrying on of such businesses as those of solicitors, farmers, or medical men, this association is known as a non-trading partnership. Whereas in a trading partnership, each partner has an implied authority to bind the firm in all matters which are connected with the business generally carried on, there is no such authority in the case of a non-trading partnership.

**NO ORDERS.**—Where the customer of a country bank accepts a bill payable at a London bank, and the London bank has received no advice as to the same, it is, upon presentation, generally marked with the words "no orders." Sometimes "no advice" (*q.v.*) are the words used instead of "no orders."

**NORFOLK ISLAND.**—Norfolk Island is the chief of three small islands in the South Pacific Ocean, some 900 miles from Sydney, New South Wales, with which town there is steamer communication every five weeks. The village is *Kingston*. (See NEW SOUTH WALES.)

**NORTHERN TERRITORY OF AUSTRALIA.**—The Northern Territory of South Australia, or, as it is now called simply, the Northern Territory, was separated from South Australia and transferred to the Commonwealth in 1911.

**Position, Area and Population.** The Northern Territory is bounded by the 26th parallel of south latitude, and the 129th and 138th degrees of east longitude. The area is 523,620 square miles, while the population, exclusive of about 20,000 aborigines scattered throughout the country, is only about 5,000.

**Coast Line.** The coast is much indented, and bordered by several islands, of which the largest is Melville Island. The islands provide shelter from tropical storms, and Port Darwin is one of the finest harbours in Australia.

**Climate.** The climate is tropical, there being high temperatures throughout the year, with summer rains. At Port Darwin the yearly rainfall is 63 in., and the mean annual temperature 82° F.

**Production and Industries.** The chief industries are cattle, horse, and a little sheep-raising, and mining. The cultivation of the Northern Territory is in a backward state, and the unsuitability of the climate for white men hinders progress. The pastoral industry is capable of great development. The mining resources are said to be immense, but much has yet to be done in the way of exploring and prospecting for minerals.

**Communications.** Lack of transport facilities is one of the greatest drawbacks to development in the Northern Territory. There are only about 200 miles of open railway at present, but extensions are contemplated at no distant date.

**Trade Centres.** There are very few towns of any size in the Northern Territory.

*Palmerston* (or *Port Darwin*), the capital, is situated upon the eastern shore of the harbour of Port Darwin, and is laid out upon an extensive

# NORWAY & SWEDEN (SCANDINAVIA)

ENGLISH MILES  
0 50 100 150

Principal Steamship Routes  
Principal Railways





iron-stone ridge. It is the northern terminus of the trans-continental telegraph line, which is connected with the submarine cable to Europe. Its climate is trying to Europeans, and the inhabitants are chiefly Chinese.

For map see AUSTRALIA.

**NORWAY.**—*Position, Area, and Population.* The kingdom of Norway, separated politically from Sweden in 1905, forms the western division of the Scandinavian Peninsula. It extends from north to south for about 1,000 miles, and its width varies from 20 to 100 miles. In its long and narrow character it may well be compared with Chili. Its area is about 125,000 square miles, or slightly greater than that of the United Kingdom; but its population is only a little over 2,600,000, and the density to the square mile is only nineteen.

**Coast Line.** The coast of Norway is remarkable for the number of long and narrow fiords, which penetrate the land, and for the numerous fringing islands. The best known fiords are the Hardanger and Sogne Fiords, which wind inland for about 100 miles. In the north are the lofty Lofoten Islands, which are cut off from the mainland by the Vestfjord. The fiords provide excellent harbour accommodation, but give access to no large fertile hinterland.

**Build.** Norway consists of the steep western slope of the old and lofty Scandinavian plateau. The tableland is highest in the south, where are found the broad masses known as the Hardanger Fjeld, Jotun Fjeld, Jostedal Brae, and Dovre Fjeld. Snachatten, in the latter fjeld, rises to the height of 7,570 ft. In the north the Kiølen or Keel Mountains reach heights of nearly 7,000 ft. before sinking to the Finnmark plateau, and form the boundary between Norway and Sweden for over 400 miles. Numerous streams flow westwards and southwards, their courses are short and rapid, and often broken by cataracts and falls of great height. They are of little use for navigation, but provide excellent water power for manufactures. The Glommen and the Løgen are the chief rivers.

**Climate.** Norway lies in the track of the westerly Atlantic winds, and consequently receives a rainfall sufficient for all agricultural purposes. Rain occurs at all seasons, but is heaviest in the winter. A remarkable feature of its climate is its mildness in winter. Westerly winds drive the waters from the warm regions of the Atlantic in a north-easterly direction (the Westerly Wind Drift or the Gulf Stream Drift), causing many of the Norwegian ports to be ice-free in winter, while those of the Baltic in lower latitudes are ice-bound. Again, the warmth set free by the deposition of heavy winter rains aids in raising the temperature. The northern part of Norway is, of course, colder than the southern part. From its latitude it has the advantage of long, hot days in summer, which enable the hardy cereals—barley and oats—to germinate and mature during the short summer. Finnmarken, in the north, is the "land of the Midnight Sun." The winters are long, lasting from the middle of October till the middle of April.

**Production and Industries.** *Agriculture.* Nearly 60 per cent. of Norway consists of bare mountain tracts, 7.5 per cent. of lakes and swamps, and 22 per cent. of forests. Thus, there is a remarkably small extent of country fit for cultivation; at the present time only about 3 per cent. of the entire surface is cultivated. Nevertheless, agriculture is one of the mainstays of Norway, and over 70 per cent. of the

population live outside the towns. A combination of agriculture and fishing (coastal and deep sea) enables the greater proportion of the people to live. The harder cereals—oats, barley, and rye—are the chief grown; wheat is produced in only very small quantities in southern Norway. Potatoes are a very important crop, for on them the Norwegian farmer depends largely for his food; they are as much used as in Ireland. The farms, dotted along the river valleys, are small, but they are well adapted to full advantage. The largest tract of arable land lies north of Christiana. Tourists are lodged in many of the farmhouses in summer, and they provide a useful source of income to the Norwegian farmer in eking out his bare existence. Fruit culture is becoming important in many places. Vast quantities of cherries and apples are produced in the Hardanger district, and the region round the Sogne Fjord is famed for its apples. Doubtless the growing of garden vegetables will become an important industry in the near future.

*The Pastoral Industry.* Cattle, fed chiefly on the meadow lands and along the sides of the fiords, are the chief animals reared. The poor mountain pasture land is only utilised in the summer. Sheep, horses, goats, swine, and reindeer are also reared. Dairying is little carried on.

*The Fishing Industry.* Fishing and agriculture have been the staple industries of Norway from olden times. It is only in very favourable localities that the farmer gets his livelihood purely by farming. The long and deeply indented coast line, together with the favourable feeding-ground for fish off the coast, encourage the industry. The chief fish caught are cod, herring, mackerel, and salmon. The principal centres are Bergen, Stavanger, Trondhjem, Tromsø, and the Lofoten Islands. Cod fishing is the most important of all, and ranges from the Lofoten Islands to Finnmarken. It is carried on chiefly from January to May, when the rugged Lofoten Islands vastly increase in population, as many as 40,000 men and boys may assemble in a good season. All parts of the cod are used, being converted into oil, stock-fish, and manure. An excellent market is provided in the Latin countries of Europe for the dried or stock-fish. Fishing is carried on with net and line. The herring fishery, though very important, is neither so vast nor as certain as the cod fishery. From Stavanger to Tromsø is the range of fishing; there are both winter and spring fisheries, but the latter is the more important. The chief market is provided by the Baltic countries. Mackerel fishing is of small extent, and is confined largely to the southern ports of Norway. Salmon are caught in the fiords and at the mouths of the rivers. In the far north there are whale and seal fisheries, and whalers proceed to Iceland and Greenland waters.

*Lumbering* is of great importance, Norway being one of the chief timber countries of Europe. Pine and fir are the chief woods, and their durable character, caused by slow growth and the rigours of winter, make them exceedingly valuable. Wood-pulp for paper-making is becoming of greater importance. The south and east of Norway are the main timber regions. Most of the farm buildings in Norway are made of timber. In the parts of the country remote from the sea, lumbering occupies a great part of the farmer's time in the winter.

*The Mining Industry.* The mining and metal industry of Norway is unimportant. Copper, silver, iron, and pyrites are the chief minerals. Copper is worked at Kongs in the Glommen valley, and silver

is mined at Kongsberg, west of Christiania fiord. Excellent marble and granite quarries are, as yet, little worked.

**The Manufacturing Industries.** The moist climate and abundant water-power of Norway could be utilised for textile manufactures, but the only manufactures of any importance are saw-milling, match-making, shipbuilding, fish-curing, and the fixation of nitrogen from the air, forming fertilisers which give the cereals nitrogen in an available form. Shortage of coal is a serious drawback to manufacturing.

**The Carrying Trade.** Like the Phœnicians of old the Norwegians were forced to become sailors and carriers of the goods of other nations. Norway's merchant fleet is large, and her carrying trade comprises about one-fourteenth of the world's tonnage. Investments of savings in shipping companies are common. Other industries include the obtaining of furs and eiderdown.

**Communications.** The roads in Norway are well made and well kept, and the rivers, though only navigable for a few miles from their mouths, are used for floating down timber rafts. In the far north, dogs and reindeer are used for transport purposes. The length of railway lines is a little over 2,000 miles. The main railway runs from Christiania to Trondhjem following the Glommen Valley. Lines also proceed from Christiania and Trondhjem in Sweden, from Christiania to Bergen, and from Trondhjem to Ofoten Fiord. Steamers sail regularly from Christiania, Bergen, and Trondhjem, and an important coasting trade is carried on. Tourist steamers visit the fjords in summer.

**Commerce.** The chief exports of Norway are timber, wood-pulp, fish, cod-liver oil, tram oil, tar, resin, pitch, turpentine, and ice. The imports consist of woollen goods, food-stuffs, coal, coke, hardware, and machinery, sugar, and coffee. Most of the trade is with the United Kingdom, which is followed by Sweden and Denmark. The chief seaports are Christiania, Bergen, Stavanger, Christiansand, Drammen, Trondhjem, Tonsberg, and Frederikstad. Tromsø, Vardo, and Hammerfest are ports within the Arctic Circle.

**Trade Centres.** The chief trade centres of Norway are the ports—Christiania, or Kristiana, (259,000) is the only town with a population of over 100,000; Stavanger, Bergen, Trondhjem, and Drammen have over 20,000, and there are eight others with populations exceeding 10,000.

**Christiania**, the capital and most important port, is finely situated at the head of Christiania Fiord. It is the centre of the commerce, agriculture, and manufactures of the south-east.

**Bergen** (91,000), the second town of Norway, stands on a deep fiord on the south-western coast, and was for centuries much more powerful than Christiania. It has great fishing and shipping interests. As a port, it possesses an advantage over Christiania in that its harbour is always ice-free, while Christiania harbour is sometimes frozen over. Bergen is the chief export centre.

**Trondhjem** (54,000), on Trondhjem Fiord, was the old capital. Comparatively easy routes lead over the highlands to the Baltic from Trondhjem, and hence add to its importance. It is now a great tourist centre.

**Stavanger** (46,000), near the mouth of Bukke Fiord, is a fishing centre, and builds wooden ships. It was once a famous Hansa port.

**Drammen** (24,000) is a timber-exporting centre.

Other towns are *Frederikstad* and *Christiansand*

(timber ports), *Hammerfest* (the most northerly town in Europe, and a fishing and tourist centre), and *Tromsø* (fishing port).

**Spitsbergen.** The sovereignty over Spitsbergen has been given to Norway by the Peace Conference. Spitsbergen is an arctic archipelago, consisting of five large and many small islands. There are extremely valuable iron deposits, at present undeveloped, and also extensive coal seams now being worked.

Mails are despatched twice a day from England to Norway. Christiania is 656 miles distant from London, and the time of transit is about 2½ days.

**NOTARIAL ACT.**—An act which is required by law to be done by a notary.

**NOTARY PUBLIC.**—Originally a notary was a person who only took notes or minutes and made drafts of writings. He was called by the Romans *notarius*.

The duties of a notary include—

(1) The attestation, copying, and translation of documents, so as to render them valid when sent abroad.

(2) The presentation of dishonoured bills of exchange, and noting their non-acceptance or non-payment, and afterwards protesting them if required. (See **NOTING**.)

**NOTE ISSUE.**—Certain banks have the privilege of issuing their own notes, but the amount of the note issue of an English bank is strictly limited to the amount certified by the Commissioners of Inland Revenue as being the average amount of the notes of the bank in circulation during a period of twelve weeks preceding April 27, 1844. The Bank Charter Act of 1844 regulates the note issues in England.

The issue of bank notes in Scotland is regulated by 8 & 9 Vict. c. 38, and in Ireland by 8 & 9 Vict. c. 37. Both Acts were passed in 1845, and the regulations are somewhat similar to the Bank Charter Act, 1844. Notes in Scotland and Ireland may be for one pound and upwards, but in England the lowest legal amount was formerly £5. In 1914, however, on the outbreak of the war between Great Britain and Germany, the Government issued Treasury notes for £1 and 10s. which were constituted legal tender for any amount.

Scotch and Irish banks may have an office in London without losing the right to issue own notes, though the right cannot be exercised by the London offices.

The "note issue" of a bank means the total amount of own notes which the bank is legally authorised to issue. The expression "note circulation" is generally used to mean the total of the bank's own notes which are actually in the hands of the public. (See **BANK OF ISSUE**.)

**NOTE BOOK.**—Any handy book in which orders or memoranda are written.

**NOTE CIRCULATION.**—The total amount of notes of a bank which are actually in the hands of the public. The "note issue" represents the amount of own notes which a bank is authorised to issue.

**NOTE OF HAND.**—A term very frequently used to denote a promissory note. (*qv*.)

**NOTE REGISTER.**—This is a book kept by a bank which is authorised to issue its own notes, in which a record of the same is preserved. Full particulars are set out, such as the dates which appear on the face of the notes, the dates when they were first put into circulation, the names of the persons whose signatures are upon the notes,

and the individual numbers, the numbers being set forth in columns in strict order. When the notes are withdrawn from circulation for any reason, a comparison is made with the register and the date of the withdrawal entered opposite the numbers. When the register has been checked and it is seen that everything is in order, the notes which have been withdrawn can be destroyed.

**NOTE RETURN.**—If a banker has the right to issue his own notes, he must make a return every week to the Commissioners of Inland Revenue, and in it he must show the amount of his notes in circulation on each day of the week and also the average for the week, and at the end of each four weeks he must also show the average during the four weeks. The Act of 1844 (7 & 8 Vict. c. 32), in Section 18, is as follows—

“Every banker in England and Wales who shall issue bank notes shall, on some one day in every week (such day to be fixed by the Commissioners of Stamps and Taxes), [now Inland Revenue], transmit to the said Commissioners an account of the amount of the bank notes of such banker in circulation on every day during the week ending on the next preceding Saturday, and also an account of the average amount of the bank notes of such banker in circulation during the same week, and on completing the first period of four weeks, and so on completing each successive period of four weeks, every such banker shall annex to such account the average amount of bank notes of such banker in circulation during the said four weeks, and also the amount of bank notes which such banker is authorised to issue under the provisions of this Act, and every such account shall be verified by the signature of such banker or his chief cashier, or, in the case of a company or partnership, by the signature of a managing director or partner or chief cashier of such company or partnership, and shall be made in the form to this Act annexed marked (B); and so much of the said return as states the weekly average amount of the notes of such bank shall be published by the said Commissioners in the next succeeding *London Gazette* in which the same may be conveniently inserted, and if any such banker shall neglect or refuse to render any such account in the form and at the time required by this Act, or shall at any time render a false account, such banker shall forfeit the sum of £100 for every such offence.”

SCHEDULE B.

Name and title as set forth in the licence

Name of the firm Bank  
Insert head office, or principal place of issue Firm.  
Place.

An account pursuant to the Act 7 & 8 Vict. c. 32, of the notes of the said bank in circulation during the week ending Saturday, the day of 19 . . .

|                     |   |   |   |   |   |
|---------------------|---|---|---|---|---|
| Monday . . . . .    | . | . | . | . | . |
| Tuesday . . . . .   | . | . | . | . | . |
| Wednesday . . . . . | . | . | . | . | . |
| Thursday . . . . .  | . | . | . | . | . |
| Friday . . . . .    | . | . | . | . | . |
| Saturday . . . . .  | . | . | . | . | . |

Average of the week. . . . . 6)

(To be annexed to this account at the end of each period of four weeks)

Amount of notes authorised by law, £  
weeks ending as above, £ . . .

I, being (the banker, chief cashier, managing director, or partner of the bank, as the case may be), do hereby certify that the above is a true account of the notes of the said bank in circulation during the week above written

(Signed)

Dated the . . . day of . . . 19 . . .

Section 19 of the same Act explains that—

“for the purpose of ascertaining the monthly average amount of bank notes of each banker in circulation, the aggregate of the amount of bank notes of each such banker in circulation on every day of business during the first complete period of four weeks next after the 10th day of October, 1844, such period ending on a Saturday, shall be divided by the number of days of business in such four weeks, and the average so ascertained shall be deemed to be the average of bank notes of each such banker in circulation during such period of four weeks, and so in each successive period of four weeks, and such average is not to exceed the amount certified by the Commissioners of Stamps and Taxes as aforesaid.”

The period during which notes and bills are deemed to be in circulation is dealt with in 9 Geo. IV, c. 23, Section 8—

“Every unstamped promissory note payable to the bearer on demand, issued under the provisions of this Act, shall, for the purpose of payment of duty, be deemed to be in circulation from the day of the issuing to the day of the cancelling thereof, both days inclusive, excepting, nevertheless, the period during which such note shall be in the hands of the banker or bankers who first issued the same, or by whom the same shall be expressed to be payable, and every unstamped promissory note payable to order, and every unstamped bill of exchange so as aforesaid issued, shall, for the purpose aforesaid, be deemed to be in circulation from the day of the issuing to the day of the payment thereof, both days inclusive: Provided always, that every such promissory note payable to order, and bill of exchange as aforesaid, which shall be paid in less than seven days from the issuing thereof, shall, for the purpose aforesaid, be included in the account of notes and bills in circulation on the Saturday next after the day of the issuing thereof as if the same were then actually in circulation.”

Within fourteen days after the first day of January and first day of July a half-yearly return of all unstamped promissory notes and bills of exchange must be rendered. The return is as follows—

HALF-YEARLY RETURN OF UNSTAMPED PROMISSORY NOTES AND BILLS OF EXCHANGE.

Bank.

An account of the amount or value of all the unstamped promissory Notes and Bills of Exchange of Messrs . . . of . . . Bankers, issued under the provisions of 9 Geo. IV, c. 23,



[NOT]

## BUSINESS MAN'S ENCYCLOPEDIA

[NOT]

and in circulation on Saturday in every week, for the half-year preceding the 1st day of July, 19.., together with the average amount or value thereof, according to the said account.

| Date.                     | Amount of Bank Notes in circulation | Amount of Notes payable to Order and Bills of Exchange in circulation. |
|---------------------------|-------------------------------------|--|
| 19..                      | £                                   | £ s d  |
| January 1                 |                                     |  |
| " 8                       |                                     |  |
| " 15                      |                                     |  |
| " 22                      |                                     |  |
| " 29                      |                                     |  |
| February 5                |                                     |  |
| [and so on up to] June 25 |                                     |  |
|                           | Notes                               |  |
|                           | 26)                                 |  |
|                           | Average £                           | Duty £   |

, being the banker or bankers, or the cashier, accountant, or chief clerk of the above-named bank, maketh oath and saith, that the foregoing is a just and true account, to the best of the knowledge and belief of this deponent, of the amount or value of all unstamped Promissory Notes and Bills of Exchange in circulation on Saturday in every week, from the 1st of January, 19.., to the 25th of June, 19.., both days inclusive, together with the average amount of such Notes and Bills of Exchange so in circulation according to such account

Sworn before me, this      { Signature  
day of July, 19..,      { of Deponent.

at                                      in the  
County of

Justice of the Peace  
for the County of

"Any Note, payable to order, and Bill of Exchange, should be included in the amount shown for each Saturday from the date of issue to the date of payment, both days inclusive. For instance, a Bill either issued, remaining in circulation, or paid on a particular Saturday, must be included in the statement for that day.

"Any Note, payable to order, and Bill of Exchange, which shall be both issued and paid between one Saturday and the succeeding one, should be included in the amount in circulation on the Saturday next after the day of issuing.

"This account, which should include the issues at all the places of business, must be verified by the oath or affirmation of the banker or one of the bankers, or of the cashier, accountant, or chief clerk of the bank; and it should be sent by post addressed to the Controller of Stamps, Somerset House, London, W.C. being marked on the outside, 'Bankers' Return'.

"The duty, which is 3s. 6d. for every £100, or fractional part of £100 of the half-yearly average,

should be transferred to the credit of the Commissioners of Inland Revenue, at the Bank of England, within fourteen days after the 1st of July, 1920, and advice thereof should be given in the accompanying form.

"NOTE.—The Return will not be accepted if it be verified by any other officer of the bank than those above named."

By Section 20 (7 & 8 Vict. c. 32) all books or accounts in any way relating to a bank's note issue must be open for the inspection and examination, at all reasonable times, of any officer of stamp duties authorised in writing and signed by the Commissioners of Stamps and Taxes or any two of them. And any banker declining to permit such an inspection or to produce any book or other evidence as is required shall forfeit the sum of £100 for every such offence. "Provided always that the said Commissioners shall not exercise the powers aforesaid without the consent of the Treasury."

It is important for a banker to keep a strict watch upon the circulation because if the monthly average circulation shall at any time exceed the authorised issue, the banker shall in every such case forfeit a sum equal to the amount by which the average monthly circulation shall have exceeded the amount which such banker was authorised to issue. (Section 17, 7 & 8 Vict. c. 32)

**NOTICE.** The doctrine of notice is one of those which are termed doctrines of equity, that is, it has been developed in the Court of Chancery. It depends on the common sense principle that a man cannot be allowed to allege ignorance of a fact of which he has knowledge (e.g., if a man knows that a third person has a lien or charge on an estate which he contemplates buying, he can only buy subject to such lien or charge). What is usually termed "constructive notice" is a natural development of this principle. If the person sought to be made liable has had actual notice of a fact which, if investigated, would have disclosed the true facts of the case, he is held to have received notice of such facts. A similar rule applies when the court is satisfied that the person has designedly abstained from inquiring, for the very purpose of avoiding notice, for this is evidence that he had a suspicion of the truth and determination not to learn it. As the court in those cases imputes notice, the doctrine of constructive notice is sometimes more happily termed imputed notice.

All persons dealing with a company are presumed to have notice of its memorandum and articles of association; so that if these in any way restrict the powers of directors, any person dealing with directors cannot be heard to say that he thought that they had wider powers than they actually possessed. However, the public are not affected by any irregularities in the internal management of the company, but are entitled to presume that external acts of the company are valid if they are apparently regular. Thus, a lender is not bound, if borrowing requires the sanction of a general meeting, to see that such authority has been given.

Shareholders in a company are under a peculiar obligation to know the articles of the company of which they are members, and are deemed to have notice of them. Therefore, if the articles state the amount of promoters' profits, the shareholders cannot complain of them. This principle is of special importance when a shareholder seeks

rescission of his contract to take shares on the ground of divergence between the prospectus and the memorandum and articles. In such cases, he must apply speedily for relief, or he will be held to have constructive notice of the articles and to have acquiesced in them.

Directors of a company, like other shareholders, are, of course, presumed to know the contents of the memorandum and articles, but constructive notice is of more particular importance as regards them when the affairs of the company have been mis-conducted. In such a case, a director will be held liable for the misdeeds of a co-director only if the facts show that he must have been wilfully blind or acted with gross negligence, and he will not be presumed to know the contents of the company's books merely by virtue of his position.

**NOTING.**—Where a bill of exchange has been dishonoured by non-acceptance or by non-payment it may be handed by the holder to a notary public (*q.v.*) to be noted. The notary then presents the bill a second time to the drawee for acceptance or to the acceptor for payment, as the case may be, or the bank where the bill is made payable, if, indeed, it is made payable at a bank. If, then, acceptance or payment, whichever is demanded, is refused, the notary makes an official note of the fact on the bill or upon a slip which is attached to the bill.

Noting or protesting is not legally necessary in the case of an inland bill of exchange, but the practice is sometimes resorted to when there is an idea that some person may meet the document for the honour of one or more of the persons who is or are a party or parties to it. In the case of a foreign bill, however, which has been dishonoured by non-acceptance or by non-payment, it must, in order to charge the drawer and indorsers, be duly protected from non-acceptance or from non-payment, as the case may be, unless instructions are received from the remitter of the bill, that it is not to be noted or protested. Noting is a step preparatory to the protest. A bill may be noted on the day of its dishonour and must be noted not later than the next succeeding business day; the protest may be subsequently extended as to the date of the noting. This is by virtue of Sect. 51, subsect. 4, of the Bills of Exchange Act, 1882, as altered and amended by Sect. 1 of the Bills of Exchange (Time of Noting) Act, 1917. A bill may be noted at any time on the day of its maturity, in London it is not sent to the notary till the bank is closed. Delay in noting is excused when the delay is caused by circumstances beyond the control of the holder and not imputable to his default, misconduct, or negligence.

A holder of a dishonoured bill is entitled to recover the expenses of noting from any party liable on the bill.

Sect. 94 of the Bills of Exchange Act, 1882, provides for the protesting of a bill when no note is available at the place where the bill is dishonoured. (See BILL OF EXCHANGE, PROTEST)

**NOT NEGOTIABLE.**—The character and peculiarities of those documents which are known under the name of negotiable instruments are noted under the heading of NEGOTIABILITY. In order to destroy the character of negotiability, it is necessary to write across the instrument the words "not negotiable." This is rarely done except in the case of cheques, and it appears that it is only crossed cheques (*q.v.*) which can be made "not negotiable."

A cheque which is crossed generally or specially may have the words "not negotiable" added thereto, and any holder may add those words.

The Bills of Exchange Act, 1882, does not state whether, or not, it is necessary that the words "not negotiable" should be placed between the transverse lines. In practice they are found sometimes between, and at other times either above or below the lines.

"Where a person takes a crossed cheque which bears on it the words 'not negotiable,' he shall not have and shall not be capable of giving a better title to the cheque than that which the person from whom he took it had" (Section 81, Bills of Exchange Act, 1882).

This meaning of the words is peculiar to crossed cheques, as defined in the Bills of Exchange Act. The ordinary meaning of "not negotiable" is "not transferable." A cheque drawn payable to "John Brown only" is an example of a cheque which cannot be transferred, but the words "not negotiable" do not mean that the cheque on which those words are written cannot be transferred from one person to another. A "not negotiable" cheque may be transferred just as freely as any other cheque, but if the transferor has no title to the cheque, a transferee cannot obtain, even if he gives value for it, a better title to it than the transferor had.

The words "not negotiable" really act as a warning to anyone to whom the cheque is offered, that, if he takes it, he must take it subject to any defect there may be in the title of the person from whom he took it. If such a cheque has been stolen, and finally comes into the possession of John Brown, and John Brown gives value for it and obtains payment through a banker—which he must do, as the cheque, being crossed, must be paid through a banker—John Brown will be compelled to pay the amount of the cheque to the rightful owner. It is just as though he had been possessed of an article which had been stolen, and to which he could not lay claim as having been purchased in market overt (*q.v.*). The character of negotiability having been taken away from the cheque John Brown has no more claim to it than the immediate transferor, and the transferor, no matter how many transfers have taken place, has no better title than the thief, *i.e.*, he has no title at all. This liability to refund personally only applies to a private individual. A banker is specially protected, first, if he pays such a cheque by Section 80 of the Bill of Exchange Act, and secondly if he collects the same by Section 82. It is the person whom the banker pays or whom he credits with the amount who is liable to the true owner of the cheque. (See COLLECTING BANKER, CROSSED CHEQUE.) It must not be forgotten, however, that in order to claim the protection of the Statute a banker must not be guilty of the slightest irregularity. Thus, if he gives cash for a "not negotiable" cheque which is drawn upon another banker, he is not protected, but will be liable to the true owner at any time within six years, if there is any flaw in the title, *e.g.*, if the cheque has been stolen or bears a forged indorsement.

A "not negotiable" cheque may be presented for payment by, or may be paid in to the credit of, the payee or anyone else to whom it has been transferred.

Cheques are frequently crossed "not negotiable" without the addition of transverse lines. In such cases the words by themselves do not constitute a crossing in accordance with the Bills of Exchange Act, and they may be ignored.

It is very desirable, and is in fact customary, that a banker to whom a cheque is specially crossed should place his stamp upon the cheque as evidence to the paying banker that the cheque has been through the hands of that banker, but the paying banker is not justified in refusing payment of a cheque received through the clearing house simply on the ground that the stamp of the banker to whom it is crossed is not upon the cheque.

Where a "cheque" contains, after the order to pay, the words "provided the form of receipt at the foot hereof is duly stamped, signed and dated," it is not a negotiable instrument. In a certain case, where such a "cheque" had been stolen and the receipt and indorsement had been forged, it was held that the order for payment, not being unconditional in its terms, was not a cheque, and therefore it was not a negotiable instrument.

If a postal order is examined it will be seen that it is marked "not negotiable." These words were not added until some years after postal orders came into existence, some doubt having been expressed as to their negotiability. The case stands as follows if a postal order is lost. A purchases an order and transmits it by post. It is stolen in the course of transmission. It gets into the possession of B, by gift or otherwise. B presents it at a post office and receives payment. Unless A can trace B, having kept the counterfoil of the postal order and being able to identify it, he is quite helpless. But suppose the postal order is crossed, and B pays it into his bank. If A can trace the order and identify it, he can claim the amount of the order from B, as B never had a good title to it. As in the case of a cheque, however, the banker is never responsible personally if he has acted *bona fide* and in the ordinary course of business.

**NOT NEGOTIABLE BILL.**—A bill of exchange, although a negotiable instrument in the ordinary course, ceases to have the peculiar characteristics of negotiability (*q v*) if it contains words prohibiting transfer, or indicating an intention that it should not be transferable. In spite of any alteration of that kind, the bill is perfectly valid between the parties thereto. (See **NOT NEGOTIABLE**.)

**NOT NEGOTIABLE CHEQUE.**—A cheque is, in the ordinary course of things, a negotiable instrument, and as such the property in it passes by mere transfer. But a crossed cheque (*q v*), which is also a negotiable instrument in spite of the restrictions as to its payment, may be taken out of the category of negotiable instruments by having the words "not negotiable" written across its face. It then possesses the same character as any other chattel, and no transferee can claim a better title to it than the transferor had. If it is tainted, by having been stolen or by having the indorsement forged, the holder has no title as against the true owner. (See **NOT NEGOTIABLE**.)

**NOTOUR.**—This is a law term which is found in Scotland only. A notour bankrupt is a person who is publicly acknowledged to be insolvent.

**NOT PROVEN.**—In English and Irish criminal cases a jury must bring in a verdict of "guilty" or "not guilty," unless they chance to disagree and return no verdict at all. In Scotland there

is a third verdict possible, viz., "not proven." For all practical purposes a verdict of the kind is equivalent to an English verdict of "not guilty," for no prisoner against whom a verdict of "not proven" has been recorded can be put on his trial a second time. Obviously, however, such a verdict is personally detrimental to the character of the accused.

**"NOT PROVIDED FOR."**—An answer sometimes written by a banker on a cheque which is being returned unpaid for the reason that the drawer has failed to provide funds to meet it. The abbreviation occasionally used is "N.P." or "N P F."

**NO TRUE BILL.**—When a bill of indictment is brought before a grand jury, if they are of opinion that upon the evidence adduced on behalf of the prosecution there is no case against the prisoner upon which he ought to be put on his trial before the common jury, a return is made of "no true bill." This does not signify that the prisoner is altogether free. Another bill may be preferred at a subsequent assize or quarter sessions, and if additional evidence is forthcoming a true bill may then be returned.

**"NOT SUFFICIENT."**—When the funds in a customer's account are insufficient to meet a cheque which has been presented to the banker through the clearing or otherwise, the cheque, on being returned unpaid, is sometimes marked with the words "not sufficient," or "not sufficient funds," or the abbreviations, "N S" or "N S F."

The deficiency must, however, on no account be stated.

**NOVATION.**—One of the rules regulating the performance of a contract (*q v*) is that the promisee or creditor can demand performance by the promisor or debtor, and that the latter cannot require him to accept performance by any third person. A debtor is not permitted to substitute the liability of another person for his own without the creditor's consent; but a creditor may agree to accept another person as his debtor in the place of the original party, and if he does so a "novation" is said to have taken place. Whether there has been such a substitution of the party liable is a question of fact in each case, but the creditor's assent cannot be inferred from his conduct, unless it is clear that there was a direct and unmistakable request to him by the original debtor to agree to the novation. The point most frequently arises in connection with the question as to who is liable for the debts of a partnership (*q v*) when there has been a change in the members of the firm. In such a case the court must inquire whether the new firm assumed the debts and liabilities of the old firm, and whether the creditor, knowing of the change, agreed to accept the liability of the new firm and to discharge the original debtor or debtors. The creditor may, of course, expressly agree with a retiring partner and the other parties to discharge the liability of the retiring partner in respect of a debt incurred during the partnership; and to accept the liability of the continuing partners; and such an agreement may be inferred from the conduct of the creditor and the continuing partners, as exhibited in subsequent dealings between the creditor and such partners, or in other ways.

Novation must not be confounded with the law as to the assignment of contracts (*q v*), which in general relates to the transfer of the benefit of a contract, while novation is more usually concerned with a transfer of the obligation thereunder. Indeed,

novation is really the making of a new contract in place of the old one, by which fresh parties are substituted for those originally bound, or a new obligation is substituted for the original one. Suppose A, in London, is indebted to B in Leeds, who is in turn indebted in a like sum to C in London, and that all three agree that A shall pay C. This amounts to a novation, B ships out as discharged, C undertaking to accept the liability of A instead, and he will be able to sue A should he make default. To such an arrangement the consent of all parties is essential, and it is this need that makes the distinction between a novation and an assignment. The consent may, as stated above, be implied, but it must be clearly shown, a recognition of the new debtor, which is compatible also with an intention to adhere to the original contract, will not suffice; and the onus of proving consent lies on the person who alleges that it was given. The new or substituted contract must comply with all the requirements of law for the validity of a contract, *e.g.*, there must be a consideration (and, as a rule, the rescission of the original contract is sufficient consideration), parties capable of entering into a contract, and so on. As the effect of a novation is to discharge the old obligation or debt, a novation is not a promise to answer for the debt of another, and, therefore, need not necessarily be in writing. (See also CONTRACT.)

**NOYAU.**—A choice liqueur made chiefly at Martinique. The characteristic flavour is due to the crushed peach or apricot kernels used in its manufacture, though these are sometimes replaced by essential oils of similar origin and flavour. Noyau, or Crème de Noyau as it is often called, though sweetened in the same way as other liqueurs, is somewhat dry to the taste. In colour it is usually white or pink.

**NUDUM PACTUM.**—Latin, "a bare agreement," *i.e.*, an agreement for which there is no consideration (*quid pro quo*). In the case of such an agreement, there is no right of action, and the agreement cannot be enforced. On the other hand if it is made under seal, in the absence of fraud, etc., it is immaterial whether there is or is not a consideration, unless it is a case of restraint of trade when a consideration is necessary, even though the agreement is under seal.

**NUISANCES.**—The title of this article requires a definition which is best found in the verb from which the word is derived (*nuire*, French, to hurt, to harm). A nuisance is a hurtful or harmful to a private person, or to the public generally. Nuisances are, therefore, divided into private and public. The English Dictionary gives more than one definition: "(1) Anything injurious or obnoxious to the community or to the individual as a member of it (especially as an owner or occupier of property) for which some legal remedy may be found; (2) anything obnoxious or annoying to the community, or individual by offensiveness of smell or appearance by causing obstruction or damage, etc."

**Private and Public Nuisances.** Private nuisances affect private persons or their property, and the remedy is to be sought by a civil action; public nuisances affect all or many of the King's subjects, and they are stopped by the action of the Crown which proceeds by way of indictment, a criminal process, and sometimes action is taken by a public authority. A nuisance may consist in doing what one ought not to do, *e.g.*, allowing sewage to flow into a stream and so polluting it, or in not doing something which one ought to do, *e.g.*, allowing a

ferocious dog to run about to the common danger when he should have been under proper control. Some of the most usual public nuisances are: Those commissions or omissions which interfere with the full enjoyment of every highway. Roadside wastes must be preserved for the public, and not stolen by private owners, called frontagers, because the unused land is in front of the private property; access to the highway must be preserved to every frontager, there must be no encroachment on the highway by any person or body of persons. The soil of the highway must not be removed except legally by the local authority. Crowds must not be caused to gather on the highway so as to prevent other members of the public from peaceful enjoyment of the highway. If a firm in a busy London street prepares and shows a highly interesting exhibition in its shop window, and a crowd is attracted, so that the crowd fills up the footway and dislocates foot traffic, that is an obstruction of the highway and a public nuisance.

It is also a public nuisance to do or to leave undone anything on or near the highway, if it is dangerous or inconvenient to the public. The following are examples: Baiting a trap to entice animals, erecting a barbed wire fence to the common danger, allowing ruinous and dangerous buildings to remain standing, or in a state of non-repair, wilfully setting a chimney on fire, keeping dangerous animals not under proper control; placing dangerous obstacles in the highway, *e.g.*, a heap of soil, unfencing a hole or excavation, leaving temporary tram rails higher than the level of the road, pursuing dangerous occupations, the keeping of gunpowder, working powder mills near the road, blasting stone in quarries negligently, so that the public may be injured.

The sinking of pits or shafts, and the erection of stationary steam engines, must not be performed too near a public way, and the same must be fenced, and, if the erection is likely to frighten animals, it must be screened. The local authority which opens up a road must fence the excavation, and if neighbouring buildings are in danger they must be shored up. If an occupier allows his rain-water pipe to gurggle upon the people passing below, it is a public nuisance, so it is to let off a fathling squib in the street. It is a serious public nuisance to carry a child suffering from smallpox along the highway or to lead a glandered horse there. A locomotive in use on the highway must be so constructed and worked as not to be a public nuisance; it must consume its own smoke and must carry efficient lights at night. If any vehicle is without lights at night it is a public nuisance.

Other nuisances connected with highways are: The straying of cattle, overhanging or projecting trees and bushes, unreasonable use of the highway by dangerous driving, or by destroying the surface by heavy traction. Betting in the street, drunkenness, rowdiness, indecent exposure, and many other things are public nuisances. The use and abuse of bridges may become a public nuisance, they may be wantonly damaged, or dangerous through non-repair, or they may be obstructions, or a nuisance by reason of the water which drops from them.

Nuisances may arise through the overflow of ditch water, or danger is imminent from stagnant disease-bearing water. Some trades are highly offensive to the senses and dangerous to the body, *e.g.*, blood boilers, bone boilers, fellmongers, soap boilers, tallow melters, and tripe boilers. If any of these trades are established in a district without the

consent of the local authority, they become a public nuisance. Trouble may also arise from defective or uncleansed public conveniences, from sewers and drains, from infected persons, or infected goods being exposed to the common danger; also from insanitary dwellings. "What a nuisance that dog is," is a familiar complaint, and the "smoke nuisance" is a phrase always with us.

If electric current escapes, if the overhead wires are dangerous, if there is a horrid smell arising from gasworks, or if there is some festering thing or some eyesore on a village green or common: all are public nuisances. The limits of this article preclude a more exhaustive summary.

**Abating the Nuisance.** What is the process for getting rid of the nuisance? Power is given to local authorities, to the public, and to the police to cause proceedings to be taken against any person for committing a public nuisance, those proceedings may take place before justices (express or summary third-class procedure) or before High Court judges (slow, or first-class procedure). The offender will be forced to abate the nuisance (get rid of it), to pay penalties, and, perhaps, to pay costs. The persons liable rank in the following order: (1) The person who did the act or omitted to do it, from which the trouble has flowed; (2) or the owner or occupier; (3) or the owner when there is no occupier. Public authorities may be guilty of a nuisance when they do not perform the duty which a statute lays upon them, and they can be, and are, proceeded against by the aggrieved parties. (See LOCAL GOVERNMENT.)

**NULLUM TEMPUS OCCURRIT REGI.**—The meaning of this phrase, which may be freely translated as "Time does not run against the Crown," is that the ordinary rules as to prescription do not apply when it is a question as to the rights of the Crown, by reason of delay or negligence. For example, a person can acquire an easement (qv) or a title to land if he is in undisturbed possession for a certain period, generally twenty years. But this does not affect such a claim if made against the Crown, unless there is some statutory exception to that effect. As far as a possessory title to land is concerned, sixty years' possession will oust the Crown. This is by reason of the Nullum Tempus Act, 1768, which was amended in 1862.

**NUNCUPATIVE WILL.**—By statute a will is required to be in writing; but an exception is made in favour of soldiers and sailors who are on active service, and if they make an oral declaration of their testamentary wishes, the court being satisfied as to the bona fides of the whole affair, such oral declarations will be allowed to be as effective as a written will. A declaration of the kind is known as a nuncupative will. Some interesting examples are afforded by the law reports during the Great War, 1914-18, when great latitude was extended to the term "active service."

**NURSE AN ACCOUNT.**—This is a phrase which is often met with in the banking world, and relates to the action of a banker who has made an advance upon a security which is not easily marketable. A customer is sometimes anxious to borrow money, and he is only able to deposit securities of a dubious value. The banker thinks they may become valuable in time. The period for which the accommodation was required passes by, and the banker is unable to obtain payment of the loan. He finds also that the securities are still unmarketable, and that if he attempts to realise there will be an undoubted loss. Instead of doing this he

locks them up and trusts for a favourable time in the market. This is known as "nursing an account." Of course it may turn out a success, but often it proves a failure. It is in such a case that the experience of a banker comes in and helps him to judge whether it is wise to delay or whether it would not be better to cut his losses at once. Writing upon this subject the well-known banker, Mr. J. W. Gilbert, once said "We do not mean to imply that in every case it is inexpedient to 'nurse an account.'" This is frequently done with the best results; but the determination to attempt it must be governed by circumstances, and in view of the fact, as experience has proved, that it is always a dangerous movement, and that the chances are always very much against the success of the result."

**NUT-GALLS.**—(See GALLS.)

**NUTMEG.**—The aromatic kernel of the seed of the *Myristica fragrans*, an evergreen tree of the East Indies, now much grown in the West Indies, and in other tropical parts of the world. Nutmegs are chiefly used as a flavouring agent in cookery. They are also valuable as the source of mace (qv), and of a volatile oil employed medicinally in the same way as ginger, peppermint, etc. The chief supplies come from Java and other Dutch colonies.

**NUTRIA SKINS.**—The skins of large rodents of the beaver family found in South America, and known as Coypu rats. The Argentine Republic is the chief exporting country.

**NUTS.**—The various sorts of nuts are dealt with under separate headings.

**NUX VOMICA.**—The poisonous seeds of the Oriental tree, *Strychnos Nux Vomica*. Their active principle is strychnine, which is a powerful poison without smell or colour, but having an extremely bitter taste. In minute doses it is employed medicinally as a tonic. India is the chief exporting country.

**NYASALAND PROTECTORATE.**—This part of British Central Africa was proclaimed a British Protectorate in 1891, and was known as the British Central Africa Protectorate until 1907. It comprises the western shore of Lake Nyasa, with the high tablelands separating it from the basin of the Loangwa River, and the region lying between the watershed of the Zambesi and the Shire Rivers on the west, and the Lakes Chinta and Chilwa and the River Ruo on the east, including the mountains of the Shire Highlands and Mlanje. The area is about 40,000 square miles, and the population is estimated at 1,000,000, of whom less than 1,000 are Europeans, and about 500 Asiatics.

There is no doubt that the commercial value of this territory will rapidly increase, as railway communications are extended and steamboat facilities enlarged on Lake Nyasa and the rivers Zambesi and Shire. At present the principal exports are cotton, tobacco, chillies, and coffee, but there is also trade done in ivory, tea, ground nuts, and rubber. The chief imports—of which 80 per cent. come from the United Kingdom and British Colonies—are provisions, cotton goods, earthenware, hardware, salt, etc. Foreign trading facilities have been helped forward by the leasing of a piece of land from the Portuguese government at the mouth of the Zambesi, where goods intended for the Protectorate are transhipped free of duty.

Blantyre is the chief trading centre, though Zomba is the headquarters of the Government.

Fort Johnston is the principal port on Lake Nyasa. Other towns are Chwomo and Chinde.

For map, see CAPE COLONY.

**O.**—This letter is used in the following abbreviations—

|                    |  |
|--------------------|--|
| °                  | Degree                                     |
| O A.,              | Old Account.                               |
| O/A,               | On Account                                 |
| O/D,               | Overdraft                                  |
| O K,               | All correct                                |
| O N,               | Owl Notes                                  |
| $\frac{1}{100}$ ,  | By the Hundred (Latin <i>per centum</i> )  |
| O O,               | Own Occupation                             |
| $\frac{1}{1000}$ , | By the Thousand (Latin, <i>per mille</i> ) |
| O R,               | Official Receiver                          |
| O S,               | Old Style                                  |
| O/s, O/sg,         | Outstanding.                               |

**OAK.**—A tree of the genus *Quercus*, of which there are hundreds of species. The most famous is the British oak, the timber of which is remarkable for its durability and strength. It is of great value in shipbuilding, as it is impervious to water. The bark is extensively employed for tanning purposes, and is also used in medicine as an astringent. Great Britain imports bark from Belgium and timber from America. Bog oak is deep black in colour owing to the presence of iron in peat-mosses. It is obtained from trunks which have been embedded in bogs, and is even more durable than the ordinary variety.

**OAK-GALLS.**—(See GALLS.)

**OAKUM.**—Hemp fibre obtained by untwisting the strands of old rope. It is chiefly used for caulking ships' seams. Oakum-picking is one of the main occupations of convicts.

**OATHS, COMMISSIONER FOR.**—(See COMMISSIONER FOR OATHS.)

**OATMEAL.**—The meal obtained by grinding oats from which the husks have been removed. It is much more nutritious than the flour of wheat. Oatmeal is a popular food in Scotland, where it is made into porridge, oat-cakes, etc.

**OATS.**—The cereal *Avena sativa*, of which there are numerous species. Oats are usually cultivated in northerly latitudes, but they are also grown in India. They are much more hardy than wheat, and flourish better in Scotland than in England. They are chiefly valuable as a horse food, but the meal is prepared for human consumption. (See OATMEAL.) Great Britain imports oats from Russia and other countries of North Europe, as the home-grown supplies are inadequate.

**OBJECT CLAUSE OF COMPANY.**—This is the clause which sets forth in the memorandum of association the objects for which the joint stock company is established. (See MEMORANDUM OF ASSOCIATION.)

**OBLIGATIONS.**—This is the name given to the various acts which bind persons to the performance of certain specified things. The term is also applied to the bonds or shares of foreign railway companies.

**OBOLUS.**—(See FOREIGN WEIGHTS AND MEASURES—GREEK.)

**OBSCURATION.**—This is defined by the customs as "the amount of proof spirit hidden, or 'obscured,' by matter in solution in the spirituous liquor, in other words, the difference between the true

or actual strength and that indicated by the hydrometer."

**OCURE.**—A fine clay, consisting of silica and alumina mixed with the oxide of iron or of some other metal. The hydrated oxide of iron yields red, brown, and yellow varieties. Red ochre is an earthy, impure hematite (*qv*). Ochre is found in Holland, France, and in many parts of Great Britain, especially in Somerset, Devonshire, and Anglesea. The red and yellow varieties are ground, washed, and used as pigments, both for colouring walls, linoleum, etc., and for artists' work.

**OCTAVO.**—A book, or sheet of a book, having eight leaves to the sheet. The word is generally contracted into 8vo.

**OCTAVAL COINAGE.**—A suggested system of coinage put forward as more suited to our requirements than the proposed decimal system. Its advocates propose that we should still count upwards in tens, but downwards in octaves, and the suggested coinage is

|               |              |
|---------------|--------------|
| 8 cents       | 1 groat      |
| 8 groats      | 1 half crown |
| 8 half-crowns | 1 sovereign  |

The present sovereign and half-crown thus remain unaltered, the groat being equal to  $3\frac{1}{4}$  present value, and the cent or halfpenny being one sixteenth under present value. Other coins would be 4, 2, and 1 of each unit below the sovereign, each coin one half the next higher, in unbroken series from £1 down to its 512th part (the cent or halfpenny). The 2-cent piece might retain the name of penny, and 256 pence would go to the £1. Values would be written in a continuous figure similar to decimals, with the distinct octaval mark ( $\frac{1}{8}$ ) in front of the fraction of a sovereign. Thus, stock now quoted at 89 $\frac{1}{8}$  would, in this system, be expressed £89 $\frac{1}{8}$ 46, that is, eighty-nine pounds, 4 half-crowns, 6 groats. As, in the decimal system, '142' indicates  $\frac{1}{10} + \frac{4}{100} + \frac{2}{1000}$ , so in the same way, the octaval fraction  $\frac{1}{8}$ 142 would indicate  $\frac{1}{8} + \frac{4}{64} + \frac{2}{512}$ . All figures to the left of the octaval mark are to be indicated and dealt with in the usual ten grouping. For example, £714 $\frac{1}{8}$ 426 plus £87 $\frac{1}{8}$ 623 equals £802 $\frac{1}{8}$ 251. The final figures (6 and 3) add to 9 cents, so that 1 is put down and 1 eight carried. Then 2 + 2 + 1 = 5, 4 + 6 = 10, which is 1 eight and 2 over. The 1 is carried to the pounds, which are added in the usual way in a ten grouping.

**OCTROI.**—A tax levied in various countries abroad at the gates of a city upon goods which are brought into the city. The term once signified a grant of exclusive trading rights.

**OFFENSIVE TRADES.**—Section 112 of the Public Health Act, 1875, reads as follows—

"Any person who, after the passing of this Act, establishes within the district of an urban authority, without their consent in writing, any offensive trade, that is to say, the trade of blood boiler or bone boiler, or fellmonger, or soap boiler, or tallow melter, or tye boiler, or any other noxious or offensive trade, business, or manufacture, shall be liable to a penalty not exceeding £50 in respect of the establishment thereof, and any person carrying on a business so established

Complaint may be made against any of the above works by any sanitary authority, or any ten inhabitants of the district; an enquiry will follow and judgment will be given. Alkali works are works for the manufacture of sulphate of soda, sulphate of potash, and the treatment of copper ores by common salt. The noxious or offensive gases are: Muriatic acid, sulphuric acid, sulphurous acid, nitric acid, sulphuretted hydrogen, chlorine, fluorine, cyanogen, bisulphide of carbon, chloride of sulphur, fumes from cement, copper, lead, antimony, arsenic, zinc, or tar. (See LOCAL GOVERNMENT)

**OFFICE ORGANISATION.**—At the present day there is no need to urge the necessity of organisation in business. There is no room nowadays for go-as-you-please methods in the world of commerce, and the degree of organising ability manifested by a commercial firm has almost come to be regarded as a measure of its success. System means a great deal in present day methods, but it is not everything, and the organiser should be careful that his work is not described as "system gone mad"—the system should be fitted to the business, and not the business to the system. Recent studies, especially in the realms of psychology and scientific management, have led to the raising of the question of business

organisation to a much higher plane than was at one time occupied by it. In the space at disposal, the organisation of a modern office will be dealt with in a general manner, the particular matters being discussed under separate headings, *e.g.*, FILING.

**The Modern Office.** The office of years ago was something to be dreaded—dingy, dusty, dimly lighted, the office of to-day is, generally speaking, bright, clean, well lighted, spacious, well furnished. In order to get the best out of the office staff, the office should be light and airy, free from dust, situated in such a position as to be away from the noise of traffic. Particular attention should be paid to ventilation. The office should, of course, need artificial light only for winter evenings, and the question of such artificial lighting should receive more attention than is usually given to it. There is some controversy as to whether large or small rooms are to be preferred, it is usual to have private rooms for the departmental chiefs and large general offices for the other members of the staff. Certainly the chief official—the manager, or secretary—should have a private office, and there will often be waiting rooms, telephone room, etc. In many cases it will be necessary to keep each department in a separate room or suite of rooms, in any case it should be seen that mental and manual departments are kept separate, and that noisy operations—such as typewriting, tabulating, etc.—are removed to a certain office or offices where they will not disturb those officials and clerks who are paid for thinking.

**Equipment.** In a modern office, the desks will be so arranged that each clerk can work undisturbed. Flat top desks are often preferred to roll top. In the case of cash or other dealings with the public there will be special counters or places of inquiry, so that speedy attention is possible even at busy periods. Catalogues of office equipment should be specially studied by every office organiser. In particular, he should study filing cabinets or systems, and investigate the new visible card index. Wherever and whenever possible, having regard to cost, amount and quality of work, machine power should be substituted for man power. An important aid in the service of the modern office, which facilitates systematic control, is the telephone, and the systems of internal communication should be investigated. (See HOUSE TELEPHONES.) Then there are such things as typewriters, calculating machines, modern copying apparatus, duplicating appliances, etc., which deserve a good deal of attention. (See OFFICE APPLIANCES.)

**Staff.** It should be the aim to appoint every employee after investigation and proof of his special fitness for performing the duties to be allotted to him, and not by chance. A great deal of attention is, at the present day, being given to the psychological aspect of this question of staffing, but this is hardly the place to enter into this side of the question. As far as possible, vacancies should be filled by promotion. In this connection, it should be noted that it is generally agreed by expert organisers that every member of the staff—with the exception of the head himself—should understand another member of the staff, with promotion sure to follow merit. It is a great mistake to have "water-tight compartments" in an office, as many businesses have found to their cost. Take a responsible man away

suddenly—there is such a thing as sudden indisposition—and the whole office work gets into a state of chaos. Secrecy as to an official's duties is never good policy. His assistant should know exactly how everything is going on so that he can step into his chief's shoes at a moment's notice if necessary. Many large firms now pay a good deal of attention to the education and training of their employees. The division of duties will, of course, depend on the particular circumstances of each case, and no useful scheme can be set out here. The office manager should keep in close touch with every part of the business machine. He should arrange to have daily or weekly reports from the heads of departments as to the work done, the needs, complaints, etc.; he should make good use of the inter-communication system of telephones for direct instant communication with all principal desks, and he should have frequent conferences. He should learn to look ahead, to prepare for expansion, and thus to be able to make arrangements for the future which will be of considerable value. Each member of the staff should not only have his sphere of duty exactly prescribed him, but what is of greater significance—have sufficient scope left for his free play of initiative.

**Records and Forms.** Nothing should be left to memory, and a complete set of printed forms—such as time cards, inventory cards, requisition slips, report forms, personal memoranda, reminder, etc.—should be in use. Wherever possible, loose-leaf records should be employed. Many business letters, too, have become standardised, and such are now printed forms with blanks for filling in particular words or figures. Much pen work can be saved by the use of rubber stamps for routine stamping, etc. For instance, the incoming letters are frequently stamped with a rubber stamp with blank spaces in some such form as the following—

No. 16173

Date received  
Date answered  
Answered by

Again, it is a good idea to have a stamp worded somewhat as follows, for stamping on invoices received, so as to ensure such invoices being initialed neatly and in regular course by each of the several persons concerned in their checking and by the buyer responsible for having ordered the goods—

Goods received on  
Checked by  
Prices checked by  
Calculations  
Invoice passed by

**Filing.** A good system of filing is an absolute necessity, and each business should have a filing system fitted to its needs. A filing clerk should be put in charge of the system, and may be quite a responsible official in large firms. The various systems are dealt with fully in another article, so that no details need be given here. Mention should, however, be made of the various styles



of the new visible card index, which should certainly be investigated by the office organiser. Daily "tickler files" are also of considerable utility, and guard against important duties, appointments, etc., being forgotten.

**Correspondence.** Incoming letters should be opened and sorted under the immediate supervision of the manager or chief correspondence clerk. They are sorted into batches depending upon the department to which they refer. Particular care should be taken, when opening the letters, to check any enclosures, especially those in the form of cheques, postal orders, or notes. These remittances will go to the cashier, and the letters enclosing them should be marked in blue pencil with the amount of the remittance. Formal communications such as circulars, etc., are usually passed on at once to the department concerned, while more important letters may be temporarily retained for the principal's scrutiny. The head of each department should be held responsible for adequate attention being given to all letters that concern the department under his charge. In some offices there is a central correspondence department which deals with all the correspondence. In this case the shorthand-typists will be all in one room, as they may also be when each department deals with its own letters. In the latter case, a pre-arranged signal or the telephone is used by the principal to indicate that he needs a typist to take down his letter. In other cases, each department has its own typist or typists.

**Stationery.** The question of office stationery is one to which too little attention is usually given by office managers. Especially during the present era of high prices it is necessary to economise in the use of paper, envelopes, string, nibs, and the thousand and one small items of the stationery room or cupboard. In a large firm, there may be a stationery clerk with authority to issue stationery only against a requisition form signed by a responsible official. Frequently issues are made only on certain days and at certain times. A messenger or office boy will then make it his duty to go round to each office with the requisition forms—which are generally in book form, with counterfoil—which, when duly signed, he will take to the stationery clerk.

Other matters of office organisation will be found dealt with under separate headings throughout the Encyclopædia.

**OFFICE TELEPHONES.**—(See HOUSE TELEPHONES.)

**OFFICIAL ASSIGNEE.** Two or more members of the Stock Exchange are appointed each year by the committee to act as official assignees. It is the duty of these officials to go through the books of any member of the Stock Exchange who has been declared a defaulter, to look into the sums owing to and by him, to attend meetings of his creditors, and to investigate the whole circumstances of his default and any bargains that may appear to require looking into, and generally to manage the defaulting member's estate in accordance with the rules of the Stock Exchange. (See DEFAULTERS.)

**OFFICIAL LIST.**—The Stock Exchange Official List was formerly known as "Wetenhall's," having originally been issued semi-privately by an individual of that name. It is now, however, issued officially by the Committee of the London Stock Exchange. Anyone may subscribe to this list, which is to be found in every stockbroker's office.

The official list is really issued twice a day, but that issued in the evening is of the more importance. It records the prices ruling at 3.30 p.m. The present list consists of some 16 pages, and is divided into the following sections—

- British Funds, etc.
- Corporation and County Stocks (United Kingdom).
- Public Boards—United Kingdom.
- Colonial and Provincial Government Securities—
- Bonds
  - Colonial and Provincial Government Securities—
- Registered and Inscribed Stocks
  - Corporation Stocks—India and Colonial.
  - Corporation Stocks—Foreign.
  - Foreign Stocks, Bonds, etc. (coupons payable in London)
  - Foreign Stocks, Bonds, etc. (coupons payable abroad).
- Railways—Ordinary Stocks and Shares
- Railways—Leased at fixed rentals
- Railways—Debenture Stocks.
- Railways—Guaranteed Stocks and Shares.
- Railways—Preference Stocks and Shares
- Indian Railways
- Indian Native Raj and Zemindary Loans
- Railways—British Possessions
- American Railroad Stocks and Shares
- American Railroad Bonds (Currency)
- American Railroad Bonds—Gold
- American Railroad Bonds—Sterling.
- Foreign Railways
- Banks and Discount Companies
- Breweries and Distilleries
- Canals and Docks.
- Commercial, Industrial, etc.
- Electric Lighting and Power
- Financial Land and Investment
- Financial Trusts
- Gas
- Insurance.
- Iron, Coal, and Steel.
- Mines
- Nitrate.
- Oil.
- Shipping
- Tea, Coffee, and Rubber
- Telegraphs and Telephones.
- Tramways and Omnibus
- Waterworks

It will be seen that once one gets past the railways, an attempt is made to place the different sections in alphabetical order. These sections are very uneven in size.

The official list of the London Stock Exchange is most comprehensive, not merely in the number of securities it includes, but in the particulars it gives, for it shows the nominal value of each share; the distinctive numbers of bonds, the dates on which interest or dividend payments are made; the date on which the stock was quoted ex-dividend; and, in the case of loans repayable at a fixed date, the year in which repayment takes place. Furthermore, it indicates the prices at which certain dealings have taken place during the day, and by means of numerous footnotes gives a variety of information regarding each security.

While the fact that a security is included in the official list does not mean that it is on that account safe, it must be admitted that it gives a stock or share a certain *cachet* to be included, for it means that the circumstances of the issue have been scrutinised by the Stock Exchange Committee, and

that various formalities have been complied with. These formalities being too stringent for many company promoters, a large number of shares, particularly those of mining companies, rubber companies, and oil companies are not included in the Stock Exchange Official List. If within a certain period no dealings take place in a security, it is removed from the official list; but as the number of securities continually being added (notices appear in the papers from time to time that the Stock Exchange Committee have ordered such and such a security to be quoted in the official list) is greater than the number struck out, the list is continually increasing.

**OFFICIAL QUOTATION.**—(See QUOTATION ON LONDON STOCK EXCHANGE.)

**OFFICIAL RECEIVER.**—The official receiver of a debtor's estate acts under the general authority and directions of the Board of Trade. He is concerned with the conduct of the debtor and the administration of his estate. He may, for the purpose of affidavits verifying proofs, petitions, or other proceedings, administer oaths. In small bankruptcies (see SMALL BANKRUPTCIES) he acts as a trustee, and expressions referring to the trustee under a bankruptcy, generally speaking, include the official receiver when acting as trustee. The trustee must supply him with such information, and give him such access to the bankrupt's books and documents, and such aid as may be requisite for enabling the official receiver to perform his duties. Where there are two or more receivers attached to one court, any of them may take over and perform the duties of another. It is for the Board of Trade to say what duties the receiver must perform personally, and in what cases he may act through a clerk or agent. In an emergency, the registrar of the court may act as official receiver. It is the duty of the official receiver:—

(1) To investigate the conduct of the debtor, and to report to the court, stating whether there is reason to believe that the debtor has committed any act which constitutes a misdemeanour under the Debtors' Act, 1869, or any amendment thereof or under the Bankruptcy Act, or which would justify the court in refusing, suspending, or qualifying an order for his discharge;

(2) To make such other reports concerning the conduct of the debtor as the Board of Trade may direct;

(3) To take part in the public examination of the debtor;

(4) To take part and give assistance in the prosecution of any fraudulent debtor as the Board of Trade may direct.

With regard to the estate of a debtor, the official receiver—

(a) Pending the appointment of a trustee, acts as interim receiver of the debtor's estate, and, where a special manager is not appointed, as manager;

(b) Authorises the special manager to raise money or make advances for the purposes of the estate in any case where, in the interests of the estate or of the creditors, it appears necessary to do so;

(c) Summons and presides at the first meeting of creditors;

(d) Issues forms of proxy for use at the meetings of creditors;

(e) Reports to the creditors as to any proposal which the debtor may have made, as to liquidating his affairs;

(f) Advertises the receiving order, the date of

the creditors' first meeting, and of the debtor's public examination, and such other matters as it may be necessary to advertise.

(g) Acts as trustee during any vacancy in the office of trustee.

He may also protect the estate between the presentation of a petition and the date of a receiving order. When acting as interim receiver, the Official Receiver should not realise, deal with, or encumber the estate, except for the purpose of protecting or preserving the property. For the purpose of his duties as interim receiver or manager, the official receiver has the same powers as if he were a receiver and manager appointed by the High Court; but he must, as far as practicable, consult the wishes of the creditors with respect to the management of the debtor's property, and may summon meetings of the persons claiming to be creditors, and must not, unless the Board of Trade otherwise orders, incur any expense beyond such as is requisite for the protection of the debtor's property or the disposing of perishable goods. When, however, the debtor cannot himself prepare a proper statement of affairs, the official receiver may, subject to any prescribed conditions, and at the expense of the estate, employ some person or persons to assist in the preparation of the statement of affairs. An official receiver must account to the Board of Trade and pay over all moneys and deal with all securities as the Board from time to time direct.

**OFFICIAL REFEREE.**—This is an official of the High Court, whose position is practically that of a judge. Whenever a case comes before the courts which involves the taking of accounts, or which is one involving calculations of an elaborate character that must occupy a considerable amount of time, it is the practice to devolve the details upon one of the Official Referees, of whom there are three. They have all the powers of a High Court judge in dealing with the costs, etc., of the matters referred to them, and their judgments are in the character of decisions given by a High Court judge.

**OFFICIAL SEAL FOR USE ABROAD.**—If so authorised by its articles of association, a joint stock company may have for use in any place out of the United Kingdom an official seal, which must be a facsimile of the common seal, with the addition on its face of the name of the place where it is to be used. This is provided for by Section 79 of the Companies (Consolidation) Act, 1908.

**OFFICIAL SECRETS.**—The earlier Official Secrets Act, 1889, now replaced by the Act of 1911 (1 and 2 Geo. V. c. 28) with the same title, was passed in consequence of a communication to the Press made by a clerk in the Foreign Office of the secret clause in the Anglo-Russian treaty of 1878. The Congress of Berlin was held on June 13th of that year, and before Lord Salisbury left for Berlin he had referred to rumours of the secret treaty and described them as wholly unauthentic. The disclosure by the Foreign Office clerk Marvin to the *Globe* newspaper came on June 14th, and it was known that Great Britain had stipulated with Russia that Batum and Kars might be annexed by Russia. The disclosure was evidently, therefore, an embarrassment to the British negotiations. But lest it may seem surprising that so long time should have elapsed between 1878 and 1889, when the Official Secrets Act, 1889, was passed, it may be pointed out that extreme slowness has characterised the application of a remedy ever since the inconvenience was felt. As long ago as 1858 a person

who had surreptitiously taken a printed document from a Government office, and sent it to a newspaper office, to be published, was indicted for larceny. The charge against him was for stealing ten pieces of paper, valued 1d., the property of the Queen. The prosecution failed, as the jury were instructed that the question was whether the prisoner had the object and intention of depriving the Government permanently of the property in the paper and converting it to his own use. So that the attempt to punish the seller of secrets by the law applicable to larceny failed.

Then by the Larceny Act, 1861 (24 and 25 Vict. c. 96, Sec. 30), it was enacted that whosoever should steal, or for any fraudulent purpose take from its place of deposit, for the time being, or from any person having the lawful custody thereof, or should unlawfully and maliciously cancel, obliterate, injure, or destroy the whole or any part of any records, etc., of any court, or of any original document in anywise relating to the business of any office or employment under the Crown, and being or remaining in any office appertaining to any court of justice, or in any of the King's castles, palaces, or houses, or in any Government or public office, should be guilty of felony, and on conviction be kept in penal servitude.

Marvin could not have been convicted under this statute, because he neither removed nor dealt with the document in any way that would have brought him under the Larceny Act, 1861. He merely committed the secret clause to memory and conveyed the information to the *Globe* newspaper.

The Act relates to two classes of offences. There is espionage, committed by those who, whether British subjects or foreigners not holding office under the Crown, obtain or disclose secret information prejudicial to the safety or interests of the State. There is, secondly, the misconduct which consists of a breach of official trust by persons holding or who have held office under the Crown, or which consists of disclosure by persons who have had entrusted to them secret information by such officials.

1. Espionage. A person who for any purpose prejudicial to the safety or interest of the State—

(a) approaches or is in the neighbourhood of or enters any prohibited place,

(b) makes any sketch, plan, model, or note possibly, or intended to be useful to an enemy;

(c) obtains or communicates to any other person any such things, or article, or other document or information so useful to an enemy, is guilty of felony, and liable to penal servitude for not less than three years, and not more than seven.

It is sufficient to show as to the purpose of the person charged that it was prejudicial to the safety or interests of the State, from his known character, the circumstances of the case, or his conduct. And so the manner of obtaining or communicating the matters mentioned by any person without lawful authority will be deemed to show a purpose prejudicial to the safety or interests of the State.

2. Officials and others in possession of information. The persons concerned here are—

(a) Those who have in their possession or control any sketch, plan, model, article, note, document, or information, which relates to or is used in a prohibited place or anything in such a place.

(b) Those who have been entrusted in confidence with these things by any one holding office under the Crown.

(c) Those who have obtained these things owing to holding or having held office under the Crown, or being or having been contractors with the Crown or employed by such contractors.

Any of these persons who communicates the sketch, etc., to any person other than a person to whom he is authorised to communicate it, or a person to whom it is in the interest of the State his duty to communicate it is guilty of a misdemeanour. It is the same offence if he retains the sketch, etc., in his possession or control when he has no right to retain it.

Also, any person who receives any such sketch, etc., knowing or having reasonable ground to believe at the time that it was communicated to him in contravention of the Act is guilty of a misdemeanour.

He may prove, however, that the communication was against his desire. We may remark that, though this is a new provision, and there have been no prosecutions under the present Act, in the trial, in 1912, in Germany of Mr. Stewart, an Englishman accused of espionage, found guilty and sentenced to three and a half years' imprisonment in a fortress, this was the defence as to certain information which he had acquired. Newspapers especially might be blackmailed unless such a provision was in the Act.

The punishment for these misdemeanours is imprisonment with or without hard labour for not more than two years, or to a fine or to both.

3. Prohibited places. These are—

(a) Works of defence, arsenals, government factories, dockyards, camps, ships, signal stations or offices, and other places connected with the preparation of war material.

(b) Any non-government place where any such ships or warlike material or plans are being dealt with by contractors with the government.

(c) Any place belonging to Government declared to be prohibited by a Secretary of State.

(d) Any other places such as railways and roads and other means of communication, or any place used as water or electricity or other works of a similar public character, or where anything is being done otherwise than on behalf of the Government if the Secretary of State so declares, are prohibited places.

A new offence of harbouring spies is created. If a person knowingly harbours an offender against the Act, or one about to commit an offence; or knowingly permits such persons to meet on his premises; or if, having harboured such persons or permitted them to meet he refuses to disclose to a superintendent of police any information in his power; in all such cases the offence is a misdemeanour punishable by imprisonment with or without hard labour for not more than a year, or to a fine, or to both.

Inciting or procuring, or attempting to procure, any person to commit any offence under the Act is a felony or misdemeanour punishable in the same manner as the offence, according to whether that is a felony or a misdemeanour.

The Act applies to all the offences above mentioned when committed in any part of the empire, or when committed by British officers or subjects elsewhere.

An offence alleged to have been committed out of the United Kingdom may be tried where the offence was committed, or in the High Court in England or the Central Criminal Court; but no court can try offences under the Act unless it has

jurisdiction to try crimes involving the greatest punishment allowed by law.

A prosecution cannot be instituted without the consent of the Attorney General or the Solicitor-General in England or Ireland, and in Scotland of the Lord Advocate, or out of the United Kingdom, of any person exercising the like functions.

Under the Census Act, 1900 (63 and 64 Vict. c. 4), any person employed in taking the census who communicates without lawful authority any information acquired in the course of the employment, is guilty of breach of official trust under the Act of 1889.

Several prosecutions were undertaken under the Act of 1889 against spies, i. e., so-called, that is, foreigners who, in order to obtain information for their Governments, were found sketching in forbidden places or attempted to bribe persons in official positions to procure information as to armament or material. It was chiefly to strengthen the Government in this respect that the Act of 1911 was passed.

The most important prosecution for betrayal of secrets by an official was *R. v. Hollin* in 1892. Hollin was a surveyor, and had been in the Engineers' Clerks' Department in Malta. After leaving there, he invited a soldier to send him certain information as to guns and fortifications in Malta for the use of a foreign Government. The indictment did not charge him with felony as he might have been charged, but with misdemeanour, and he was sentenced to twelve months' imprisonment. A curious prosecution was *R. v. Stuart and Page* in 1899, who were charged with recruiting an employee of Messrs. Harrison & Sons, contractors for printing Army examination papers to do these examination papers, but the indictment was quashed on a technical point.

In 1910 there was a case of espionage at Portsmouth by a German Lieutenant named Helm, who pleaded guilty but was discharged on giving an undertaking not to repeat the offence. In 1911, Max Schultz, an ex-officer of a German regiment, was sentenced to twenty-one months' imprisonment in the second division for inviting certain persons to supply him with information as to the Navy at a month.

When the Bill of 1889 was before Parliament it was argued that legislation would be of no practical use unless it "punished not only those who steal information, but the receivers of the stolen goods—the newspapers." There have certainly been several scandals since of secret information being sold to newspapers, where the officials concerned have not been discovered, and where, consequently, nobody has been prosecuted, as the newspapers themselves could not be proceeded against. In regard to documents and information such as are described in the Act, newspapers are, of course, in the same position as other persons. The remark above quoted relates to matters which would not fall under the Act, and newspapers might still publish information which it is not desirable should be published prematurely without authority. In the Bill, as introduced into the House of Lords in 1888, there were provisions to meet this defect, but the Press objected, and they were withdrawn.

**OFFICIAL SOLICITOR.**—This is a public officer who generally acts as the solicitor of the court, itself, when required to do so in the interests of justice. His services may also be requisitioned under certain statutory provisions, especially the Public Trustee Act and the Lunacy Acts. He is

also required to inquire into matters when there is undue delay in legal proceedings. Amongst his other duties is included that of visiting persons in prison who have been committed for contempt of court (*q. v.*).

**OIL CAKE.**—The solid residues of various seeds, e. g., linseed, cotton-seed, rape, hemp-seed, palm-nut, and coconut, after the oil has been pressed out. The cakes form a highly nutritious cattle food, as they retain about 10 per cent. of the oil, and possess, in addition, all the nitrogenous and essential constituents of the seeds. Oil cakes obtained from linseed and cotton seed are regarded as the best. All varieties form excellent manure, but those containing the least oil are chiefly used for this purpose, as their food value is much lower. Great Britain imports large quantities, as the home supply is insufficient to meet the demand.

**OIL PALM.** A palm from the fruit of which the palm oil of commerce is obtained. The most important species is the Guinea oil palm, which grows extensively in West Africa, where the exportation of the oil forms the most important industry. The fruits are boiled, crushed, and placed in large vats filled with water. The oil is then trodden out, and rises to the surface. The beat fresh palm oil has a pleasant odour and resembles butter in appearance. The natives use it in cooking, but in Europe it is employed as a lubricant, and as an ingredient of soap and candles.

**OILS.** The general name for all fluids of a more or less viscous character, whether of animal, vegetable, or mineral origin. The essential oils are volatile, odorous liquids obtained by distillation from the leaves and flowers of plants, such as lemon, orange, juniper, peppermint, eucalyptus, etc. The oils of this class are used mainly in perfumery and for culinary purpose, but oil of turpentine and other hydrocarbons are extensively employed in the preparation of paints and varnishes. The majority of hydrocarbon oils are, however, of mineral origin. They include naphthas (*q. v.*) lamp-oils, such as paraffin, and lubricants of various sorts, such as vasoline. They are derived either from petroleum (*q. v.*) or from shale (*q. v.*). Fixed oils form a tremendous class by themselves. They are inflammable, leave a permanent stain on paper, and cannot be distilled without undergoing decomposition. These fatty oils are obtained from various animal fats, and also from the seeds and fruits of plants. They are frequently known as glycerides, as they all contain glycerine mixed with stearic, oleic, palmitic, or similar acid, and when treated with an alkali they undergo saponification. Glycerides are further divided into drying and non-drying oils. The former solidify on exposure to the air owing to their power of absorbing oxygen, and are chiefly used for mixing painters' colours. Of this division, linseed oil is the most important, example. The oils obtained from hemp and poppy-seed also belong to this class, while the oils from grape-seed, castor, cotton-seed, rape, mustard, and croton occupy an intermediate position. Among the vegetable non-drying oils, the chief are olive, almond, laurel, palm, and coconut, while butter, lard, tallow, cod liver oil, sperm oil, and whale oil represent the animal oils of this class. Their uses are numerous and varied. Some, like butter and olive oil, are used for food; others, like sperm oil, are used as illuminants; many, e. g., tallow, palm-oil, etc., are valuable in the manufacture of soap, while oil is employed as a lubricant, and cod liver oil is well known for its medicinal properties.

**OKE.**—(See FOREIGN WEIGHTS AND MEASURES—EGYPT, GREECE, TURKEY)

**OLEOMARGARINE.**—(See BUTTER and MARGARINE)

**OLEO OIL.**—A compound of oleic acid and glycerine obtained from beef suet, and used in the manufacture of margarine. Holland and Germany import large quantities from the United States

**OLIBANUM.**—A fragrant resin obtained by incision from the bark of several species of Boswellia, growing in India, Arabia, and Somaliland. In colour it varies from white to yellow and green. It is chiefly used as a fumigant and as incense. Aden is the centre of the trade

**OLIVE.**—The common olive, *Olea europæa*, is cultivated in all the countries of South Europe for the sake of its fruit and the oil obtained from it. The unripe fruit is soaked in water and bottled in brine, and forms a favourite pickle. The chief exporting towns are Marseilles, Genoa, Leghorn, and Naples. Olive oil is extracted by pressure from the fleshy part of the fruit. Inferior qualities are obtained by treating the remaining pulp with boiling water and repeating the pressure. The virgin olive oil is much used for food, especially in Italy and Spain. The best is made in Tuscany. The inferior qualities are used in soap-making and as lubricants. The largest supplies come from Italy. The wood of the olive is used by cabinet makers

**OLD LADY OF THREADNEEDLE STREET.**—A slang name applied to the Bank of England and its directors. It is said to have been given in the first instance by William Cobbett, because the directors, like Mrs. Partington, tried with their broom to sweep back the Atlantic waves of national progress

**OMAN.**—Oman is an independent State in South-eastern Arabia, lying between Ras el-Hadd and Cape Masandam. Its principal range is the Jebel Akhdar, rising to a height of 10,000 ft. In area it is 82,000 square miles, and its population is estimated at 600,000, most of whom are Arabs. The climate is pleasantly cool and healthy, and it receives sufficient rain from the south-west monsoon to support some agriculture and a settled population. The country is inaccessible from all sides except the coast. Agriculture is carried on in the fertile coastal plain, and humped cattle are the chief animals reared. Pearl-fishing in the Persian Gulf is an important industry. Muscat (24,000), the capital, has a fine harbour, and is the chief trade centre. The chief exports are dates, fruit, fish, salt, pearls, mother-of-pearl, and limes, and the imports consist of rice, coffee, sugar, cotton and silk goods, twist and yarn, wheat and other grain. Trade is mainly with India, the United Kingdom, Persia, and the United States. Commerce is mostly by sea, but a large caravan trade is carried on with the interior.

Oman exercised its greatest power in the beginning of the last century, when its area included a large part of Arabia, the islands in the Persian Gulf, and the islands of Sokotra, and Zanzibar. Close relations have for years existed between the Indian Government and Oman, and a British consul and political agent resides at Muscat

There is a direct mail service from London once a month, and the time of transit is about seventeen days

For map, see ARABIA

**OMNIUM.**—A Stock Exchange expression, signifying the aggregate value of the different stocks upon which a loan has been secured. The word is Latin, and means "of all."

**ON 'CHANGE.**—An expression used with reference to the Royal Exchange—not the London Stock Exchange. On the Royal Exchange is transacted the business of foreign bills and foreign exchange.

**ONCOST.**—This is a term applied in the branch of accounting, known as costing (*qv*), and is variously termed "Indirect Expenses," "Establishment Charges," "Burden", but more generally it is referred to as Oncost, signifying, as it does, an addition to a given amount of labour expended upon the production of any article or a contract, the addition representing that amount of outlay on the cost of the article or contract which cannot be directly arrived at except upon a *pro rata* basis

Productive labour is capable of being analysed and directly charged up to the respective jobs passing through a factory, or to each of a given number of contracts. Administrative wages, rent, rates, power, depreciation, and the like are not capable of such a division, all being outlays common to every article produced or contract in hand. The method of charging these outlays thus incapable of being directly charged is to group them together in an appropriate manner, and so obtain a ratio of indirect to direct charges in the form of a percentage, which is added to the known amount of productive labour involved

In the following case of a small manufacturer, whose output is confined to one factory, where the conditions of supervision, housing, machinery and power, etc., are the same at all stages through which the article he produces has to undergo, the debit side of his trading and profit and loss account shows the following items:

|                        |   |        |
|------------------------|---|--------|
| Wages, productive      | £ | 1,000  |
| " non-productive       |   | 150    |
| Rent, Rates, and Taxes |   | 170    |
| Power, Light, and Heat |   | 60     |
| Repairs and Renewals   |   | 40     |
| Depreciation           |   | 120    |
| Insurance              |   | 30     |
| Trade Expenses         |   | 100    |
| Bank Interest          |   | 60     |
|                        |   | £1,730 |

Purchase of raw material is ignored, as that will be charged up as used. From these figures it will be observed the ratio between productive labour and the rest of the outlay combined is, as £1,000 is to £730, from which he would decide to base his percentage of oncost at, say, 75 per cent. When desiring to obtain the *actual* cost of an article produced by his men, he would be in possession of time involved, he would add 75 per cent to this and the cost of material used, plus a small percentage for warehousing for the latter. Thus—

|                         |   |   |   |    |    |   |
|-------------------------|---|---|---|----|----|---|
|                         | £ | s | d | £  | s  | d |
| One gross article cost— |   |   |   |    |    |   |
| Labour                  |   |   |   | 1  | 10 | 0 |
| Oncost at 75 per cent   |   |   |   | 1  | 2  | 6 |
|                         |   |   |   | 2  | 12 | 6 |
| Materials               | 1 | 5 | 0 |    |    |   |
| 5 per cent Warehouse    |   |   |   |    |    |   |
| Cost                    | 0 | 1 | 3 |    |    |   |
|                         |   |   |   | 1  | 6  | 3 |
| Actual cost             |   |   |   | £3 | 18 | 9 |

To this he would add a further percentage to

**Statement of Factory Oncost apportioned over three departments, based upon Trading and Profit and Loss Accounts, for the year ended December 31st, 19...**

| Total Outlay<br>(excluding Materials) | Amount<br>in<br>Annual<br>Accounts | Departments |   |       |   |   |       |   |   |       | How Apportioned |   |  |
|---------------------------------------|------------------------------------|-------------|---|-------|---|---|-------|---|---|-------|-----------------|---|--|
|                                       |                                    | A           |   |       | B |   |       | C |   |       |                 |   |  |
|                                       |                                    | £           | s | d     | £ | s | d     | £ | s | d     |                 |   |  |
| Wages, productive                     | 9,500                              | 0           | 0 | 2,000 | 0 | 0 | 4,500 | 0 | 0 | 3,000 | 0               | 0 | Analysed weekly  |
| " non-productive                      | 1,500                              | 0           | 0 | 400   | 0 | 0 | 950   | 0 | 0 | 230   | 0               | 0 | "  |
| Rent, Rates, and Taxes                | 750                                | 0           | 0 | 120   | 0 | 0 | 400   | 0 | 0 | 230   | 0               | 0 | On Valuer's estimate of departmental annual values                             |
| Insurance                             | 250                                | 0           | 0 | 50    | 0 | 0 | 180   | 0 | 0 | 50    | 0               | 0 | (1) On consumed value due (2) employer's risks on wages paid and varying rates |
| Salaries and Commission               | 1,200                              | 0           | 0 | 400   | 0 | 0 | 900   | 0 | 0 | 650   | 0               | 0 | On approximate annual value of output in previous year                         |
| General Expenses                      | 750                                | 0           | 0 | 50    | 0 | 0 | 150   | 0 | 0 | 100   | 0               | 0 | On approximate horse-power required in each                                    |
| Power and Water                       | 600                                | 0           | 0 | 50    | 0 | 0 | 150   | 0 | 0 | 100   | 0               | 0 | (1) On number of lights, (2) on number of heat radiators                       |
| Fuel and Light                        | 180                                | 0           | 0 | 50    | 0 | 0 | 80    | 0 | 0 | 50    | 0               | 0 | On value of machine, etc.  |
| Depreciation                          | 800                                | 0           | 0 | 100   | 0 | 0 | 500   | 0 | 0 | 200   | 0               | 0 | Analysed from accounts   |
| Repairs and Renewals                  | 300                                | 0           | 0 | 50    | 0 | 0 | 180   | 0 | 0 | 70    | 0               | 0 | On approximate capital sunk  |
| Debiture Interest                     | 550                                | 0           | 0 | 150   | 0 | 0 | 300   | 0 | 0 | 100   | 0               | 0 |  |
|                                       | 16,410                             | 0           | 0 | 3,270 | 0 | 0 | 8,440 | 0 | 0 | 4,700 | 0               | 0 |  |
| Less productive wage                  |                                    |             |   | 2,000 | 0 | 0 | 4,500 | 0 | 0 | 3,000 | 0               | 0 |  |
| Departmental Oncost                   |                                    |             |   | 1,270 | 0 | 0 | 3,940 | 0 | 0 | 1,700 | 0               | 0 |  |
| Approximate ratio of<br>" to Oncost   |                                    |             |   | 65%   |   |   | 90%   |   |   | 60%   |                 |   |  |

**Statement of Wholesale or Retail Selling Costs, apportioned departmentally. Oncost is based upon cost of purchases and other outlay from Trading and Profit and Loss Accounts for the year ended December 31st, 19...**

| Total Outlay  | Amounts<br>from<br>Annual<br>Accounts | Departments |            |            |   |   |       |   |       | How Apportioned |
|---|---------------------------------------|-------------|------------|------------|---|---|-------|---|-------|-----------------|
|   |                                       | A           |            | B          |   | C |       |   |       |                 |
|   |                                       | £           | s. d.      | £          | s. d.   | £ | s. d. | £ | s. d. |                 |
| Purchases net (stating<br>and freighting stocks<br>allowed for) | 9,000 0 0                             | 18,000 0 0  | 15,000 0 0 | 10,000 0 0 | Analysed in financial books   |   |       |   |       |                 |
| Salaries and Wages  | 7,500 0 0                             | 500 0 0     | 1,500 0 0  | 500 0 0    | Actually analysed where possible,<br>leaving about one-third for general<br>supervision distributed in ratio of<br>turnover |   |       |   |       |                 |
| Travellers' Salaries and<br>Commission                          | 1,500 0 0                             | 300 0 0     | 800 0 0    | 400 0 0    | On ratio of turnover  |   |       |   |       |                 |
| Discounts   | 1,600 0 0                             | 320 0 0     | 850 0 0    | 430 0 0    | " "   |   |       |   |       |                 |
| Rent, Rates, Taxes, and<br>Insurance                            | 1,200 0 0                             | 500 0 0     | 300 0 0    | 400 0 0    | On ratio of space occupied,   |   |       |   |       |                 |
| Advertising   | 2,500 0 0                             | 800 0 0     | 500 0 0    | 1,200 0 0  | 3% in Salaries and Wages, but about<br>one-fourth distributed on basis of<br>turnover                                       |   |       |   |       |                 |
| Trade Expenses  | 1,500 0 0                             | 300 0 0     | 800 0 0    | 400 0 0    | On ratio of turnover  |   |       |   |       |                 |
| Bad Debts   | 800 0 0                               | 160 0 0     | 430 0 0    | 210 0 0    | " "   |   |       |   |       |                 |
|   | 11,600 0 0                            | 2,880 0 0   | 5,180 0 0  | 3,540 0 0  |   |   |       |   |       |                 |
| Approximate Oncost<br>based on cost of purchases                |                                       | 17½%        | 35%        | 22½%       |   |   |       |   |       |                 |

represent what he considers a suitable profit, and so on for every article passing through his factory.

The foregoing example is of the simplest kind: In larger and more complex factory organisations the methods of obtaining percentages of oncost are of a much more elaborate nature. In such cases it becomes essential to apportion the various items of outlay representing indirect charges over the different departments of the factory in which the departmental productive labour is also kept distinct. This is apparent, inasmuch as it will be most probably found that one department may involve machinery of a much more expensive character, requiring also a higher motive power than in other departments where, perhaps, little or no machinery may be used, except of a cheap and light nature; this distinction raises the question of machine production *versus* manual production, both involving very different characteristics in regard to non-productive labour in the form of supervision, though, of course, this varies very considerably in all trades. There are many other considerations of a like nature, which must be treated as circumstances require. A statement of factory oncost is drawn up on the following plan: all items of the trading and profit and loss account are shown on the left hand of the form, those items representing materials for different departments are not carried to the oncost columns, as the raw material will be charged up to the costing sheets, as the case may be. The first example given on page 1155 supposes a factory where the articles produced pass through three separate and distinct departments—A, B, and C—each with different ratios of supervision, power, and depreciation to their respective productive labour bills. The division is necessary, as it is required to know the actual cost of an article at one of the three stages of its completion.

In the second example (p. 1155), a statement shows the method of apportioning the cost of selling charges in a retail establishment or the distributing centre of a manufacturing concern. (Also see *COST ACCOUNTS AND COSTING*.)

**ON DEMAND.**—This phrase is used in connection with bills of exchange when the same are made payable on presentation to the acceptor. They do not need any acceptance (*qr*.)

**ONE MAN COMPANY.**—This is the name, often given in derision in former times, to a joint stock company in which practically the whole of the shares were in the hands of a single individual, there being only a few left to be held by those other people, six at least, who were required to make up the minimum number of the members without which a company could not be established. For some years prior to the passing of the Companies Act, 1907, it was a common practice to turn a successful business into what was called a private company. By this means the advantages of incorporation were gained, of which the principal is limited liability. There are also other advantages attached to such a conversion, of which the chief are the continuance of the business after the death of any of the parties interested, the power of transferring at any time the shares so as to introduce fresh members, and the increased facility of borrowing money. The "one man company" was declared to be perfectly legal by the House of Lords in the leading case of *Salomon v. Salomon & Co.*, 1897, App. Cas. 22. The provisions of the Companies Act, 1907, now repealed and re-enacted in

the Companies (Consolidation) Act, 1908, by which "private" companies, according to the definition given in that Act, may now be formed, will in all probability put an end to the "one man company." The "one man company" is quite distinct from the statutory "private company" (See *PRIVATE COMPANY*.)

As so many of these companies were established before the era of the statutory "private" company, they cannot yet be ignored, and it is as well that the misapprehension connected with their formation should be removed. It was often thought that the conversion of a trading concern into a "one man" company was a species of fraud, but although this may have been the case in some instances it was not generally the idea. As time went on the advantages of incorporation, already referred to, became commonly recognised, and in many instances a business has been saved from collapse on the death of the proprietor by this conversion. An effort was made in the case above referred to to establish the fact that Salomon, who was a successful leather merchant and quite solvent at the time when he changed his business from a private concern to a "one man" company, in which he held all the shares except the necessary few which were in the hands of his wife and the members of his family, had been guilty of a fraudulent act. But as was remarked by Lord Herschell in his judgment: "It has been said that the respondent company is a 'one man' company." But it has often happened that a business transferred to a joint stock company has been the property of three or four persons only, and that the other subscribers of the memorandum have been clerks or other persons who possessed little or no interest in the concern. I am unable to see how it can be lawful for three or four or six persons to form a company for the purpose of employing their capital in trading, with the benefit of limited liability, and not for one to do so. If, however, the transaction is tainted with fraud in any respect, as if, for instance, the tradesman is insolvent at the time of the conversion, or if the whole affair is a fraud under the Bankruptcy Acts, the attempt to avoid liability by turning the business into a company will result in failure. Thus, in a recent case, Lord Justice Lindley said, "Salomon's case has decided a great deal, and people have not been slow to take advantage of it; it has decided that a company can be legitimately formed under the Companies Acts by one person, or one or two persons, with all the rest men of straw, and that there is at present no machinery except winding up by which it can be extinguished." The legal question decided in the House of Lords was whether the company could first of all maintain a petition for winding itself up and then get out of the bagan which it had made with its founders and promoters. The House of Lords held that it could not. But the question was never raised there whether the creditors of a sole trader, who had converted himself into a company and transferred all his assets to the company, could not impeach the transaction as a fraud upon the creditors under the Statute of Elizabeth, or as an act of bankruptcy under the Bankruptcy Act, 1883. (Of course, since this case was decided, the Bankruptcy Act, 1883, has been repealed and replaced by the Bankruptcy Act, 1914.) It is thus quite clear that the formation of a "one man company" must not be used as a cloak for fraud.

All the incidents which are attached to an ordinary joint stock company are in force so far as a "one man" company is concerned. The peculiar position of a statutory private company is noticed under a separate heading. (See PRIVATE COMPANY.)

**ONIONS.**—The edible bulbous roots of the *Allium cepa*. There are many varieties. Spring onions are used for salads, and Spanish onions form an excellent vegetable when cooked. Leeks, which are largely cultivated in Wales and Scotland, are also much valued for culinary purposes. Pickled onions are a favourite condiment with cold meat. Onions have been grown in the United Kingdom for many centuries, but the home supply is not sufficient to meet the demands, and large quantities are imported from Spain, the Netherlands, Malta, and Egypt.

**ON PASSAGE.**—This term is applied to the cargo of a vessel when it is on its voyage, but has not yet reached its destination.

**ON THE BERTH.**—This is an expression used in connection with a ship, describing her when she is either loading or discharging a cargo, or is ready to receive or to discharge.

**ONUS PROBANDI.**—(See BURDEN OF PROOF.)

**ONZA.** (See FOREIGN WEIGHTS AND MEASURES—SPAIN.)

**ONZE.** (See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**OPAL.**—A precious stone consisting mainly of silica, but with no crystalline structure. It has a vitreous lustre and is always polished with a rounded surface. The precious opal is semi-transparent, and exhibits a beautiful play of brilliant colours, commonly known as opalescence, the colour varying according to the angle at which the light strikes the stone. The best opals come from Hungary, but valuable stones are also obtained from Saxony, Queensland, and Mexico. The opals are much used by jewellers, but they are not so durable as other precious stones, owing to their lack of hardness. The Mexican variety is red and yellow in colour, and is known as fire opal. Another variety, called wood opal, is used for ornaments.

**OPEN ACCOUNT.**—This, in book-keeping, implies an account which is not settled.

**OPEN CHEQUE.**—A cheque which is in no way restricted as to payment. The term is mainly used to distinguish it from a "crossed" cheque (*q.v.*). Thus, an open cheque can be presented at the bank upon which it is drawn and payment obtained for it over the counter. If it is a cheque payable to bearer, no indorsement is necessary, if it is a cheque payable to order, the indorsement must correspond with the name of the payee, but a banker upon whom a cheque is drawn is in no way responsible if, without negligence, he pays the amount of a cheque over the counter under a forged indorsement. It must be borne in mind that this only applies to the banker upon whom the cheque is drawn. Any other banker who pays an uncrossed cheque which bears a forged indorsement is in no better position than any other person. (See CHEQUE, COLLUSING BANKER.)

**OPEN CREDIT.**—This is the name given to a letter of credit which contains an unconditional request to pay money to another person.

**OPENING A CROSSING.**—When the crossing of a cheque is cancelled, and the words "pay cash" are written upon the face of the cheque, the operation is known as "opening the crossing." The drawer of the cheque must initial or sign the

alteration made, and a banker who pays such a cheque must satisfy himself that the initials (or the signature if it is signed in full) are those of the drawer, his customer. If they turn out to be a forgery and any loss ensues, the banker will be liable for the amount of the loss.

Owing to the fraudulent openings of crossings, and the losses incurred thereby, the clearing bankers passed the following resolution in November, 1912: "That no opening of cheques be recognised unless the full signature of the drawer be appended to the alteration, and then only when presented for payment by the drawer or by his known agent." Strict adherence to this rule would almost certainly prevent losses by fraud, but the well known obstinacy of certain banking customers would make the acceptance of such a rule by no means an easy matter unless it was strictly enforced by all bankers. The Bills of Exchange Act, 1882, makes no provision as to this practice. Meanwhile, bankers should endeavour to persuade their customers to avoid the habit of opening crossings.

**OPEN POLICY.**—This is a term found in marine insurance (*q.v.*), and a policy is said to be an open one when the value of the goods, etc., shipped is not specified, the exact amount of the same being left to be ascertained subsequently. When the amount insured is discovered afterwards to be insufficient to cover the value of the goods, the extra sum is covered by a supplemental policy, an additional insurance being effected. On the other hand if the amount insured is greater than the value of the goods, there is what is known as an "over insurance" and the insured is entitled to a proportionate return of the premium paid.

**OPERATING COST ACCOUNTS.**—This is one of the classes into which cost accounts are divided. (See COST ACCOUNTS, COSTING.) Operating or working cost accounts are used for railways, tramways, gas and water undertakings and the like.

**OPINION BOOK.**—This is a special book kept by bankers in which the opinions given on certain matters are entered and carefully indexed for reference. (See BANKER'S OPINION.)

**OPIMUM.**—A drug consisting of the dried juice of the milky heads of the *Papaver somniferum*, or white poppy. The flower is grown extensively in India, especially in Bengal and Oude, and a tremendous export trade is done from India to China, though the latter country has made efforts to check the importation on account of the poisonous effects of opium smoking. China itself produces large quantities of opium, and attempts are being made to limit the consumption to the home product. Great Britain's supplies come mainly from Asia Minor. The article is imported in the form of soft, reddish-brown masses, with an unpleasant smell and an acid taste. Opium is one of the most valuable medicinal drugs owing to the numerous alkaloids it contains. Of these, morphine (*q.v.*) is the chief, and to this the sedative and poisonous properties of opium are principally due. The drug is prepared in various forms, the tincture laudanum (*q.v.*) being the best known. It is a powerful anodyne, and great care is required in its use, as it acts as a dangerous poison if the prescribed dose is exceeded.

**OPODELDOC.**—A liniment occasionally applied in cases of external injuries. It consists of hard soap, camphor, rectified spirit, and essential oils. Tincture of ammonia is employed instead of the latter constituent in the soap liniment known as ammonia opodeldoc.



**OPOPANAX.**—A fragrant gum resin obtained from a plant found in Persia. It was formerly used in medicine, but is now employed only in perfumery.

**OPOSSUM.**—An American marsupial, of which there are many species, the largest being found in Virginia, while other varieties occur in Central and South America. Great Britain imports tremendous quantities of opossum skins, which are used for gloves, trimmings, etc.

**OPTION CERTIFICATES.**—These are certificates issued by a company, giving the holder the right, within a certain fixed period, to take up a number of shares at par or some other fixed price. The quotation always represents the right to take up one share. This form of security is favoured by rubber plantation companies.

**OPTIONS.**—A method of speculation on the Stock Exchange, which, prior to the Great War (during which such dealings were prohibited), was rapidly increasing in popularity and importance in this country, on the Continent and in America. This method of dealing is very popular indeed. The speculator pays a certain sum (so much per cent. or so much per share) for the right or option of buying or selling so much stock or so many shares at a fixed price on a certain day. He thus limits his liability or possible loss to a fixed amount. "The option to buy is termed a "call," the option to sell a "put," and the double option to buy or to sell a "put and call." Other terms connected with options are (1) "put or more," which means that the seller of a stated amount has the option of selling double the quantity, and (2) "call of more," which means that the buyer of a stated amount has the option of buying twice the quantity.

It is possible to purchase a "put and call" option, the holder in this case having the right to call for delivery of the stipulated quantity of stock at a date and price arranged when the bargain is entered into, or, if he prefers, to call upon the other party to buy of him at the said price and date the stipulated quantity of stock. Options may be granted for an amount or for longer periods, seldom, however, longer than three months. Options are purchased in the same way as shares, and the price to be paid varies according to the risks which the seller incurs or thinks he incurs. The financial papers publish from time to time lists of option prices in those securities in which bargains of this nature are most frequent, of which a specimen is given in the next column.

The purchaser of an option has the right to demand delivery of, or to sell, as the case may be, the quantity of stock represented by his option at the date named, but not before then; in other words, if A in September buys an end-November option of, say, 1,000 United States Steel shares at, say, 70, he has the right at the end-November account to exercise his option and demand delivery of 1,000 shares at the price named. If, in October, it should happen that these shares rise to 80, A, having paid, let us say, \$3 per share for the option, would see a handsome profit, but would not be able to call upon the seller of the option to deliver the shares until the end of November. What he would probably do, however, would be to take advantage of the rise in price and sell the 1,000 shares, relying upon his ability to continue the bargain (as described under the heading of CARRY OVER) until the end of November, when, by exercising his

option, he would be able to deliver the shares. In other words, from the date of sale he would be a "bear" of 1,000 United States Steel shares, but a "protected bear" in virtue of his option. It will be seen from this that option dealing can give rise to complicated transactions, and the existence of large options is often a considerable factor in influencing prices. In the case of securities liable to wide fluctuations, dealing in options may be a profitable business; but it is one of the most intricate forms of dealing in stocks and shares in existence.

#### Option Prices.

| Put or call for     | End April                       | End May                         | End June                        |
|---------------------|---------------------------------|---------------------------------|---------------------------------|
| Consols             | $\frac{1}{2}$                   | $\frac{1}{2}$                   | $\frac{1}{2}$                   |
| Argentine 4 pc      | —                               | —                               | —                               |
| B. A. Cedulas       | —                               | —                               | —                               |
| Italian             | —                               | —                               | —                               |
| Japan 4 pc          | —                               | —                               | —                               |
| Peruvian Pref       | $1\frac{1}{2}$ 2                | $1\frac{1}{2}$ 2 $\frac{1}{2}$  | —                               |
| Do Ord              | $\frac{1}{2}$ $\frac{1}{2}$     | —                               | —                               |
| Portuguese          | —                               | —                               | —                               |
| Spanish             | —                               | —                               | —                               |
| Turkish 4 pc        | —                               | —                               | —                               |
| Rio Tinto           | 2 2 $\frac{1}{2}$               | 2 $\frac{1}{2}$ 3               | —                               |
| Amalg'm'd Copper    | $3\frac{1}{2}$ 4 $\frac{1}{2}$  | $4\frac{1}{2}$ 5                | $5\frac{1}{2}$ 5 $\frac{1}{2}$  |
| Anacosta            | $1\frac{1}{2}$ 2                | $1\frac{1}{2}$ 1 $\frac{1}{2}$  | $1\frac{1}{2}$ 1 $\frac{1}{2}$  |
| Atchafson           | $3\frac{1}{2}$ 3 $\frac{1}{2}$  | $3\frac{1}{2}$ 3 $\frac{1}{2}$  | $4\frac{1}{2}$ 4 $\frac{1}{2}$  |
| Do Pref             | —                               | —                               | —                               |
| Baltimore and Ohio  | 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ | 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ | 3 $\frac{1}{2}$ 4 $\frac{1}{2}$ |
| Canadian Pacific    | 2 $\frac{1}{2}$ 3 $\frac{1}{2}$ | 3 4                             | 4 5                             |
| Chesapeake          | —                               | —                               | —                               |
| Chicago Milwauk     | —                               | —                               | —                               |
| Denver Com          | —                               | —                               | —                               |
| Eries               | 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ 3               | 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ |
| Louisville          | —                               | —                               | —                               |
| Norfolk and West    | —                               | —                               | —                               |
| Ontario             | —                               | —                               | —                               |
| Reading             | 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ | 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ | 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ |
| Southern Com        | 2 2 $\frac{1}{2}$               | 2 $\frac{1}{2}$ 2 $\frac{1}{2}$ | 2 $\frac{1}{2}$ 3               |
| Southern Pac        | 3 $\frac{1}{2}$ 4 $\frac{1}{2}$ | 4 $\frac{1}{2}$ 5               | 5 $\frac{1}{2}$ 5 $\frac{1}{2}$ |
| Union Pacific       | 4 $\frac{1}{2}$ 5               | 5 $\frac{1}{2}$ 6               | 6 $\frac{1}{2}$ 7               |
| United States Steel | 2 $\frac{1}{2}$ 3 $\frac{1}{2}$ | 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ | 3 $\frac{1}{2}$ 3 $\frac{1}{2}$ |
| Do Pref             | —                               | —                               | —                               |
| Chartered           | $1\frac{1}{2}$ 1/3              | 1/3 1/6                         | 1/6 1/9                         |
| De Beers            | $\frac{1}{2}$ 2                 | $\frac{1}{2}$ 2                 | $\frac{1}{2}$ 1 $\frac{1}{2}$   |
| East Rand           | $\frac{1}{2}$ 1                 | $\frac{1}{2}$ 1                 | $\frac{1}{2}$ 1                 |
| Geduld              | —                               | —                               | —                               |
| Gold Fields         | $\frac{1}{2}$ 1                 | $\frac{1}{2}$ 1                 | $\frac{1}{2}$ 1                 |
| Rand Mines          | $\frac{1}{2}$ 1                 | $\frac{1}{2}$ 1                 | $\frac{1}{2}$ 1                 |
| Randfontein         | 2/ 2/6                          | 2/6 3/                          | 3/ 3/6                          |
| Transvaal Con Land  | —                               | —                               | —                               |

\* \* The "put and call" is double the above quotations.

Options are not merely applicable to stocks and shares, but also to produce of all kinds.

The question of the validity of put and call options was discussed by the Court of Appeal in the case of *Bautenlandsche Bankvereinigung v. Hildebrandt*, 1903, 19 T. I. R. 641, and the conclusion was arrived at that business of this character was not a gambling transaction.

**ORANGE.**—The delicious fruit of the *Citrus aurantium*, which is largely grown in South Europe,

where it was introduced from China. There are many varieties of sweet orange, e.g., the St. Michael, with thin yellow rind and seedless pulp, the Mandarin (*gr.*) and Tangerine, small, flattened varieties from China and Sicily, the seedless navel orange from South America, the Jaffa, the pear-shaped Bergamot, and the blood orange of Malta. The bitter or Seville oranges are exported from Spain, and are used in the manufacture of marmalade and candied peel. This variety yields the essential oil which forms an ingredient of Eau de Cologne. Oranges are also employed in the preparation of orange wine and of various essences useful in medicine.

**ORANGE FREE STATE PROVINCE.**—The Orange Free State was at one time an independent Dutch republic. It was annexed by Great Britain in 1900, proclaimed as the Orange River Colony by the provisions of the South Africa Act, 1909, the Colony became a province of the Union, under the name of the Orange Free State Province.

**Position, Area, and Population.** It lies between the Transvaal in the north and Cape Colony in the south, and between Orangeburg on the west, and Basutoland and Natal on the east. Its area is 50,392 square miles, or more than five-sixths of that of England and Wales, but its population is only about 500,000, and of this number but three-eighths are whites.

**Build.** The High Veld, studded with flat topped hills, known as kopjes, occupies the whole country, and is of an average elevation of 4,600 to 5,000 ft. The chief rivers are the Vaal, forming the northern boundary, and the Orange River, forming the southern boundary, with its tributary the Caledon. Like most of the rivers of South Africa, those of the Orange Free State Province are more a barrier to trade than an aid.

**Climate.** The eastern portion of the Province receives sufficient rain in summer from the south-east trade winds to allow of wheat cultivation, but most of the region has a rainfall inadequate for agriculture without irrigation, or systems of farming suited to semi-arid tracts. The heat in the summer months is great, and the cold in winter is often very severe. The dryness and clearness of the atmosphere, however, result in a very healthy climate.

**Production and Industries.** *Agriculture*, at least by ordinary farming methods, is only suited to the Caledon Valley, and here excellent wheat is raised. Other crops include oats, mealies, and Kaffir corn. Mixed farming has chances of success in a great part of the Province, but irrigation farming does not as yet pay, at least as regards cereals. Fruits are grown to a limited extent. Locusts sometimes cause the farmers severe loss.

**The Pastoral Industry.** Most of the country is well adapted to pasturage, and stock and sheep farming give employment to the greater part of the population. Ostrich farming is becoming more popular, and promises to be very successful. Dairy farming is a profitable industry in the Bloemfontein district.

**The Mining Industry.** Mining, except for diamonds, is little carried on. Diamonds of very good quality are mined at Jagersfontein, Koffyfontein, and in the Kroonstad district. Coal is mainly worked at Vrijheid's Drift on the Vaal River, and at Vierfontein. There are salt works near Jacobsdal, and at Waachbank. Iron is found in the south-east, and copper in the Vredefort district.

**Communications.** Roads are fairly good in the colony, ox-wagons being the principal means of conveyance on them. The railways are worked under the name of the Central South Africa Railways; the main line connects Cape Town, Port Elizabeth, and East London with the Transvaal, running through Norval's Poot, Springfontein, Bloemfontein, Kroonstad, and Vrijheid's Drift in the Orange Free State. The East London line connects at Springfontein, and from Kroonstad a branch line runs through Bethlehem and Harrismith to the Natal border and beyond to Durban.

**Commerce.** The chief exports are wool, mohair, hides and skins, meal, wheat, mealies, Kaffir corn, fruit, ostrich feathers, and diamonds. The imports are chiefly articles of clothing, cotton goods, blankets, wood, and hardware. Trade is mainly with the United Kingdom, the Transvaal, Natal, and the Province of the Cape of Good Hope. Exports to overseas countries are shipped at the Cape ports.

**Trade Centres.** The chief trade centres are also the railway centres.

*Bloemfontein* ('the Spring of Flowers'), with a population of about 27,000, is the capital, and chief trade centre. It is pleasantly situated, and stands 4,500 ft. above the sea. Nearly half of its inhabitants are whites. It is an important railway centre, being on the direct railway route from Port Elizabeth to Johannesburg and Pretoria. Other towns are *Bethlehem* and *Harrismith* (agricultural and pastoral centres), *Udelsburg* (agricultural centre), *Kroonstad* (railway and pastoral centre), *Wimburg* (pastoral centre), *Jagersfontein* and *Koffyfontein* (diamond mining centres), and *Jacobsdal* (pastoral centre).

**People and History.** The Province of the Orange Free State is largely peopled by Boers of Dutch descent. The earliest European colonists in South Africa were the Dutch, who settled in Cape Colony in 1650. In 1806, when Holland was the ally of France, England took possession of Cape Colony, (now known as the Province of the Cape of Good Hope). Many of the Boer farmers, rather than submit to British rule, trekked north in 1836 across the Orange River, and founded a republic, but the country was annexed by the British in 1848 under the name of the Orange River Sovereignty. In 1854, however, the Boers gained independence, and called their republic the Orange River Free State. It remained a republic till 1900, when it was again annexed by the British, on account of the aid given to the Transvaal Boers by the Free State. Its incorporation with the Province of the Cape of Good Hope, Natal, and the Transvaal to form the Union of South Africa is noticed above.

The Boers are essentially pastoral farmers, and much of the labour on their large farms is native. The natives, who form about 60 per cent. of the total population of the province, are industrious, and do their work well, except when called upon to show intelligence. Closer settlement of the land is slowly taking place, and when better transportation facilities exist and better farming methods are adopted, the province will gain a high place among South African countries.

Mails are despatched every Saturday afternoon. Bloemfontein is 6,700 miles distant from London, and the time of transit is about eighteen or nineteen days.

For map, see that of SOUTH AFRICA.

**ORCHIDS.**—Herbaceous plants with rich, variegated flowers. There are thousands of varieties, mostly natives of tropical regions. Great care and attention are required for their cultivation. A large trade is done by growers, and exorbitant prices are paid for rare or novel specimens.

**ORCHIL.**—(See ARCHIL.)

**ORDER AND DISPOSITION.**—(See REPORTED OWNERSHIP.)

**ORDER (BILL OR CHEQUE).**—By the Bills of Exchange Act, 1882, it is provided,

"A bill is payable to order which is expressed to be so payable, or which is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable. Where a bill, either originally or by indorsement, is expressed to be payable to the order of a specified person, and not to him or his order, it is nevertheless payable to him or his order at his option."

The word "bill" also includes a cheque. A bill or a cheque is made payable to order, when it is expressed to be payable as follows: "Pay Alfred Smith or order" or "Pay Alfred Smith." If a cheque is made payable to "\_\_\_\_\_ or order," it is treated as being payable to the order of the drawer, if to "W. Brown or \_\_\_\_\_," as payable to the order of W. Brown, if to "W. Brown only," it is payable to the order of W. Brown and no further transfer is possible.

An order bill or cheque requires indorsement by the person to whom or to whose order it is made payable, and herein it differs fundamentally from a bearer document. No transfer or negotiation can take place without indorsement. If the bill or cheque is payable to two or more payees who are not partners, all must indorse unless the one indorsing has authority to indorse for the others. (See INDORSMENT.)

The drawer may strike out the word "order" and convert the cheque into one payable to bearer, which alteration must be initialed by him. If there are more drawers than one, each drawer must initial the alteration.

A bearer cheque may be converted into an order cheque by the word "bearer" being crossed out, and this may be done by the payee as well as by the drawer. It is not essential to write the word "order."

Where the payee of an order cheque indorses it merely with his signature, it is an indorsement in blank, and the cheque may be transferred as a cheque payable to bearer. Any subsequent holder, however, may again make the cheque payable to order by indorsing it, e.g., "Pay John Brown or order, T. Jones," or by writing above the last indorser's signature a direction to pay the bill or cheque to or to the order of himself or some other person.

A banker is protected by statute from liability for paying an uncrossed cheque drawn on himself over the counter of his bank, provided he acts *bona fide* and without negligence, if the indorser purports to be that of the payee, even though it eventually turns out that the signature of the payee is a forgery. But any peculiar or suspicious circumstances should obviously put him upon inquiry before paying with the money. Any other person who takes a cheque, or a bill, which bears a forged signature must abide the consequences. (See FORGERY AND ALTERATION.)

A cheque made payable to "wages or order," "cash or order," or anything similar, is regarded in practice as a cheque drawn to the order of the drawer, and as such requires the drawer's indorsement. A cheque payable to "Yourselves or order" should be indorsed by the bank.

**ORDER IN COUNCIL.**—The chief executive body in the United Kingdom is the Privy Council, although in practice the system of government works very differently. The orders issued by the Privy Council are what are known as Orders in Council. No such orders can issue unless there is statutory or other authority for the same. Orders in Council have had a tendency to increase in modern times, since many Acts of Parliament are deficient in detail, and then terms leave the making of rules and regulations to the Privy Council by means of these orders, which when issued must be advertised in the *Gazette*. Orders in Council are required when treaties are made, when particular matters connected with colonial government arise, and in the determination of appeals heard by the judicial committee of the Privy Council.

**ORDER OF BUSINESS.**—The order in which the items of business are arranged on the agenda paper, or taken at a meeting is a matter within the chairman's control, though, so far as the formal business is concerned, there is a customary sequence almost invariably followed, based as it is upon common sense and logic. Substantive business should be logically arranged, but the order of the different matters is purely a question of judgment, and may be varied as the chairman pleases, though when once that order is settled it should be adhered to. Owing to the great variety of meetings, both as to scope and procedure, it is impossible to present here specimen agenda even of some of them. As, however, much of the formal business and of procedure generally at meetings is common to most meetings, it may be useful to give the following composite agenda, combining most of the formal business met with at any meeting, with the successive steps in debating substantive business, and showing the sequence of the whole:

Election of chairman (if necessary).  
Reading by secretary of notice calling meeting.  
Discussion arising from that notice (debate procedure).  
Reading by secretary of minutes of last meeting.  
Discussion arising from those minutes (debate procedure).  
Correspondence to be read by secretary.  
Chairman's opening speech.  
Adjourned business, if any (debate procedure).  
Finance.  
Discussion arising therefrom (debate procedure).  
Reports of committees.  
Discussion arising therefrom (debate procedure).  
First resolution moved,  
" " seconded,  
Other speeches for and against;  
Right of reply of mover of resolution, if no amendment.  
First amendment moved,  
" " seconded,  
Other speeches for and against.  
Reply by mover of original motion.  
Vote taken on first amendment.  
Second amendment (and others) as before.  
Vote taken on first resolution (either as amended or not, according to the fate of the amendments).  
Second resolution (and others) as before.

Vote of thanks to any special person.  
 " " " seconded,  
 " " " put to vote  
 Reply by that special person  
 Vote of thanks to chairman moved,  
 " " " seconded,  
 " " " put to vote  
 Reply by chairman  
 Chairman declares meeting closed

There are, in addition, various incidental inter-ventions which may occur at almost any stage of the meeting, *e.g.*, points of order or privilege on which the chairman may be appealed to, motions for the adjournment of the debate (on the particular matter under discussion), or of the whole meeting, motions that the chairman leave the chair, or that the meeting proceed to the next business, motion of the " previous question ", motion of the closure, and personal explanations which may be made if circumstances warrant, always provided the meeting permits, for there is no absolute right to make such explanation.

Some comment may be useful on several of the items in the composite agenda set out above —

**Election of Chairman.** This will only occasionally be necessary, as, for instance, at public meetings, where the chairman has not been selected beforehand by the convenors, as is usually done, or where it is the practice of a body or society to elect a fresh chairman at each meeting. As a rule, public authorities have a standing chairman and deputy-chairman. Even when the chairman is elected at the meeting, such election is generally quite informal and effected without taking a strict vote, but sometimes when the occasion is very controversial and feeling runs high, more than one name may be proposed, and then the matter must be determined by formal voting, someone will act as interim chairman and put to the meeting the several names proposed. There are alternative ways of doing this: in small meetings those present may write their choice on slips of paper, and when the size of the meeting renders this impracticable, a show of hands should be taken on each nomination called out by the chairman, the election being determined by the largest number of votes. Another plan, perhaps the most exhaustive, is to take a series of votes (by slips of paper or show of hands), dropping out each time the name which receives the smallest number of votes, until the vote lies between two and is so determined. This method, however, is tedious, and not as a rule necessary.

**Minutes.** These being read solely for the purpose of confirming the record, it is essential to confine discussion upon them to the question of their accuracy, and strictly to suppress any attempt to reopen the business they cover.

**Correspondence.** This, when of a general character will be read in the order shown above, but it refers to substantive matters on the agenda, it should be read when those matters are under consideration.

**Adjourned Business.** This must always be the first substantive business taken, and if the meeting itself is an adjourned one, nothing but the business of the original meeting may be taken.

The time to admit new business not on the agenda is after all the substantive business on the agenda has been disposed of, but such admission of new business, if not altogether barred, is within

the chairman's discretion, and should in any case only be allowed when it is relevant. Notice is as a rule required before the meeting of intended business, so that a complete agenda may be prepared, any fresh matter raised at the meeting being disallowed. Except in rare cases, *i.e.*, where a body has exceptionally strict rules of procedure, this exclusion of matter not on the agenda does not apply to amendments, it can, of course, only so apply when the terms of the substantive resolutions to be moved are notified beforehand to those interested.

It need hardly be said that each resolution must be dealt with completely and its fate determined before proceeding to the next resolution. Similarly with amendments, these must be taken and disposed of one at a time.

(See AGENDA, CONDUCT OF MEETINGS, and the meetings of the various local authorities.)

**ORDER, POINTS OF.** The proceedings at a meeting may always be interrupted by the raising of a legitimate point of order. Such a point has no concern with the substantive business which the meeting may be considering (except indirectly, when relevancy is questioned), but either relates to the conditions under which the meeting conducts its consideration of that business. Space does not permit of an enumeration of all possible points of order, they refer usually to procedure, absence of quorum, relevancy, personal conduct, or propriety of speech. A point of order does not require to be seconded or supported, though others may speak shortly to it, if justified by the importance of the matter. The chairman will then give his ruling, which, right or wrong, is final, and should be accepted, and he will, of course, when necessary, take any action consequent upon it, such as correcting a speaker, stopping the meeting (if no quorum), or modifying the course of the procedure. The raising of a point of order is the only legitimate way of correcting, or trying to correct, a chairman in a matter of procedure. It will occasionally happen that there is someone in the audience better informed or more experienced than the chairman on some difficult step in the proceedings, his help will be very useful and, when offered in the form of a suggestion on a point of order, can be accepted by the chairman without loss of dignity.

Points of order, as a rule, take precedence over everything else, even over anyone addressing the meeting, who should at once give way. Interruption of this sort, however, is not permissible, unless either the speaker is himself offending by irrelevancy or some impropriety, or the matter is otherwise really urgent. Points of order should be raised at once while the matters occasioning them are fresh, otherwise the appropriate action on them cannot, perhaps, be taken. The rule against second speeches applies to points of order in the sense that no one may speak more than once on the same point of order, but a person may raise as many points of order as he pleases, and that even while a motion is before the meeting on which he has spoken.

A chairman should strictly keep these points of order within their proper limits, for the ingenuity of some debaters calls for great vigilance in this respect. Substantive business should not be allowed to be discussed under this guise, nor personal explanations or clarificatory additions to a speech offered, as is quite wrongly often attempted. These two latter have nothing to do with "order," and are given by leave of the chairman and by courtesy

of the meeting. The word "Question" called out during a speech has, properly, a very definite meaning in debate—it challenges the speaker's relevancy. But it is very often quite wrongly used to challenge his accuracy.

A point of privilege may be raised in the same way as a point of order on those rare occasions when something has been done affecting the privileges, real or supposed, of the body or of the meeting, or of individuals in their capacity as members of either.

**ORDER XIV.** This form is so frequently met with in the business world, when it becomes necessary to take legal proceedings for the recovery of a sum of money, that the main points connected with it should be known. An action at law is commenced by the issue of a writ (*qv*), and indorsed thereon is a general outline of the nature of the case which the plaintiff intends to set up. The writ is followed in the ordinary course by a Statement of Claim (*qv*). This means delay. But there are cases of a simple character in which it is expedient that judgment should be given speedily, and consequently by the Rules of the Supreme Court an expeditious way has been established under two of its best known orders, viz., III and XIV. In certain cases a writ may be "specially indorsed," and then no separate Statement of Claim is required—the indorsement itself is the Statement of Claim. Under Order III, rule 6, a writ may be specially indorsed in all actions where the plaintiff seeks only to recover a debt or liquidated demand in money payable by the defendant, with or without interest, arising (*a*) upon a contract, express or implied, as, *e.g.*, on a bill of exchange, promissory note, or cheque, or other simple contract debt, (*b*) on a bond or contract under seal for payment of a liquidated sum of money, (*c*) on a statute where the sum sought to be recovered is a fixed sum of money or in the nature of a debt other than a penalty, (*d*) on a guarantee, whether under seal or not, where the claim against the principal is in respect of a debt or liquidated demand only, (*e*) on a trust, (*f*) in actions for the recovery of land, with or without a claim for rent or mesne profits, by a landlord against a tenant whose term has expired or has been duly determined by notice to quit, or has become liable to forfeiture for non-payment of rent, or against persons claiming under such tenant. There is great strictness required in the utilisation of this rule, and unless the claim falls clearly within the six cases above noted, a writ cannot be specially indorsed. If the defendant does not enter an appearance (*qv*), judgment may be signed by default. But if he appears, the practice is for the plaintiff to take out a summons under the special procedure provided by Order XIV, when the matter is gone into, the evidence being generally upon affidavit. When the case is clearly established, the master gives judgment, though there is a right of appeal to the judge—but if a *prima facie* defence is shown, the case is either set down in what is known as the "Short Cause List," and tried at no distant date, or, where the issues are of a difficult and complicated nature, it is ordered to be tried in the usual way. When it is made clear that the plaintiff must have known or when he has been informed of the nature of a good defence, the action may be dismissed, and costs given against the plaintiff, and ordered to be paid forthwith.

As an exception to the rule as to costs in an

ordinary action at law, a plaintiff who recovers a sum of at least £20, and obtains judgment within twenty-one days, is entitled to High Court costs as a matter of course, whereas in other cases he would only be entitled to County Court costs, unless the court otherwise orders, if his judgment was for a sum not exceeding £100.

**ORDINARY RESOLUTION.**—An ordinary resolution is one which requires only a bare majority of the voters present at any kind of general meeting of a company. Notice of the nature and scope of such resolution need not be given unless the articles otherwise provide; more notice of the resolution is sufficient. Notice must be given to the shareholders of the general nature of any special business which may be dealt with by ordinary resolution. Such resolutions are commonly used for the routine work usually transacted at an ordinary general meeting (*e.g.*, appointment of officers, declaration of a dividend, conversion of shares into stock).

The meeting at which an ordinary resolution is passed must be duly convened; the resolution must be one which can be properly put to the meeting, at which the proper quorum must be present, and the regulations as to voting must be duly observed. Unless the articles otherwise provide, the question should, in the first place, be decided by a show of hands (the chairman's declaration of the result thereof being conclusive), and afterwards, if a poll is demanded, by poll in the usual way.

Whether any ordinary resolution is sufficient or not must depend on the provisions laid down in the Companies Acts and in the articles. Certain proceedings may often, by the articles of the Companies (Consolidation) Act, 1908, require resolutions other than ordinary resolutions to be passed. (See **MEETINGS, COMPANY**.)

**ORDINARY SHARES.**—These are the shares of a joint stock company, so called to distinguish them from other specially named shares, such as preference shares (*qv*), which rank before them, and deferred shares (*qv*), which rank after them. They may be of any amount, according to the capital clause of the memorandum of association, *e.g.*, 1s., 5s., 10s., £1, £5, £10, £100, and these may be either fully paid up or only partly paid.

Sometimes, ordinary shares are divided into two classes, preferred ordinary and deferred ordinary, and the rights attaching to each must be carefully distinguished by the articles of association.

When shares have been fully paid up, the company may convert them into stock, the advantages of such a conversion being noticed under a separate heading. A company cannot issue original stock. It must first issue shares, and then when these are fully paid convert them into stock. (See **SHARE CAPITAL**.)

**ORDINARY STOCK.**—(See **ORDINARY SHARES**.)

**ORDNANCE SURVEY.**—This is a Government department of the Board of Agriculture and Fisheries (*qv*). Its work consists in the preparation and the publication of maps and plans of the different parts of the United Kingdom. The survey was begun after the rebellion of the Young Pretender in 1745-6, in order to facilitate the movement of troops in the future, if they were required for out-of-way places. The first survey was, therefore, made on a military basis. It took over a century to complete. But in 1863 the advantages of having a survey made on a systematic and scientific basis was recognised, and since

that date a series of most useful and accurate maps has been completed, these maps being on varying scales according to the district surveyed. As it is possible for the general public to purchase these Ordnance maps, they are now extensively used whenever questions of land improvements and the construction of roads arise. They are frequently made use of in the law courts, whenever the *locus in quo* is a matter of importance.

**ORE.**—(See FOREIGN MONIES, NORWAY.)

**ORES.**—More or less earthy compounds, containing metal in such a form that the process of extraction may be profitably carried out. The chief ores are oxides, in the case of iron, copper, and tin; sulphides, in the case of lead, zinc, and antimony; and carbonates, in the case of iron, zinc, and lead. They are referred to in the articles dealing with the various metals. Iron pyrites is not used as an iron ore, as the difficulty of the operation of separating the iron from the sulphur is such that profit would be impossible.

**ORGANISATION OF BUSINESS.**—Those who take up the study of the subject of business organisation find themselves confronted with a number of unfamiliar terms of which the meanings are imperfectly defined or imperfectly understood. This lack of precision and comprehension is due to two causes; there is an acknowledged difficulty in finding words which will express in a synthetic way the elements or functions of commercial activity; and there is a constant "development of the idea" of business and of organisation which render attempted definitions out of date before they come into general use. During the past two or three decades those activities of human beings commonly called business have come to be recognised as part of a larger activity called commerce. In its turn commerce is now seen to be closely associated with the sciences of economic and sociology. Through the greater part of the nineteenth century business organisation depended upon the will of some strong minded and far-seeing manufacturer or merchant. He grouped around him capable assistants. Under favourable circumstances his character and personality were impressed upon the business he had created and might survive for a generation or two after his personal direction was withdrawn. There are a few very old established firms still carried on in this traditional way. Nearly all the businesses now existing have been begun on the personal basis, but the great majority of them, even if thoroughly well organised, disappear when the controlling personality retires. Under the traditional system a man starts an enterprise because of his acquired knowledge and experience of dealing with a specific commodity or group of commodities. In the case of a man of large vision his personality is his business's greatest asset. In the case of the lesser men, who are always in the great majority, their knowledge and experience, which crystallise themselves into what is commonly known as "good will," are more valuable than their material possessions, however large. Business organised thus on the personal and traditional basis results in a commercial system in the units of which are constantly coming and going, and the links between which are continually breaking. Under such circumstances what is known as "credit" depends on commodities rather than on character. A few years ago when one big merchant failed, his failure involved the bankruptcy of many of those with whom he had been in business relations. If a

group of important merchants failed or were in fear of failure, what was known as a "panic" ensued. To-day, extensive failure or panics are rare. If they happen, they arise from economic or political causes rather than through the fault of particular men.

**Development of Limited Liability.** During the last two or three decades the business organisation in the United Kingdom, and indeed in the whole civilised world, has ceased to depend upon personality, though personality is and always will be an asset. To avoid the constant interruption of business enterprise and the consequent instability of the larger commercial units associated here in a trade, and there perhaps in a nation, co-operative methods in the control of businesses have gradually been established. In the United Kingdom it is rare to find any large business which is not organised on the basis of limited liability. In the earlier days of limited liability the chief advantage aimed at was really to limit the personal liability of those engaged in an enterprise. This was due to the form of the commercial laws which pressed heavily upon many types of business and seriously handicapped those with a tendency to expand. To-day the advantages of incorporating a business in the form of a company are recognised to consist not so much in safeguarding against individual loss but in promoting the well being of the whole community. Under the old system all the partners of an enterprise were mutually responsible for each other's contracts and obligations. If a partner retired or died the transfer of his interest in the business was beset with technical and legal difficulties. If a business was developing and needed new buildings, additional plant, or other form of capital, the needed assistance could not readily be obtained. The development of the old type of business, indeed, had necessarily to be paid for out of revenue. To-day if a limited company needs new capital and its affairs bear the light of publicity, new capital can be obtained by an appeal to a new body of shareholders. As the business grows the number of people interested in its welfare grows as well.

**Analysis by Function.** The analysis of a modern business organisation is by function. In every business there are four essential units which, working together, constitute the whole. There is at present no general agreement as to the name, which should be assigned to these functions, but at the moment it suffices to call them Production, Distribution, Administration, and Control. Cutting across this analysis of the functions of business are processes common to some or all functions. There is, for instance, the recording process which is common alike to Production, Distribution, Administration, and Control. Another general process is that of management. In analysing the organisation of a large existing business the processes are capable of specific sub-division. Book keeping and Costing are sub-divisions of records. Standardisation and wage pricing systems are sub-divisions of management. There are also operations which are peculiar to each function. In production, for instance, so far as it deals with materials or commodities, there are what is known as motion study, time study, fatigue study. Again, the controlling function subdivided itself into advertising, selling, and transportation.

**Production.** The production function in any business is that which is concerned with the

production or procuring of the commodity or service which will be afterwards disposed of by the distributive function. The difficulty of terminology already mentioned arises here. It is clear in the case of a manufacturing business (see MANUFACTURING BUSINESS, ORGANISATION OF) that the word *production* in its commonly accepted meaning can be accurately applied. But the word *production* must not be limited to those businesses immediately concerned with materials or commodities. A bank, for instance, does not produce anything tangible, nor does an insurance company. Yet both banks and insurance companies have to "produce" that which they sell: security and protection. In a manufacturing business an article like timber goes through several physical processes which change its appearance and alter its form. Methods and systems are used in such a business to bring about desired results, the ultimate object being to increase the value of the material. The security and protection which are "distributed" in the banking and insurance world are not physical things and are not subject to physical change, but their production involves the use of methods and systems very similar in character. In a factory, for instance, there is what is known as the "straight line" principle. Something of the same kind enters into the operations of banking. A customer of a bank who wishes to transfer credit say, from London to Manchester, has merely to fill in a form and the next morning his agent in Manchester will be able to draw against the credit. This is not the place in which to describe the means by which invisible money is transferred by invisible means. It suffices to say that the banking business is so organised that transactions of this kind take place every day and in every town, and, indeed, between all the cities of the world. The whole fabric of international credit depends upon the certainty and promptitude with which bankers produce and perform this service for their customers. There are some kinds of business in which commodities and services are intermingled. In the motor haulage business, for instance, a transportation service is produced by the material means of steam wagons. In such a business there is a duplicate element of production: the haulier must provide himself with his physical equipment of garage, loading dock, fuel station, and the like, and at the same time he must have an organisation based on knowledge and experience to produce the actual transportation service and render it efficient and economical. The function of production as used in relation to commodities is being changed in its aspects daily by what is called scientific management. This has been described under the heading of MANUFACTURING BUSINESS, ORGANISATION OF.

**Elements of Production.** The traditional type of business nearly always involved a process of transformation. A tea merchant, for instance, bought various kinds of tea in bulk and blended them into a new product. Many businesses of this type still exist, but the "production" has refined itself in two directions. The big tea merchant, to make sure of supplies, starts a warehouse overseas and buys his teas on the spot. Later on he buys an estate and grows his own tea. Still later he will invest money in steamships and thus the production side of his business is made as secure as possible and he has the advantage of all the intermediate profits of growing, handling, and transport. The smaller tea merchant's needs are met by another

kind of organised development. Instead of locking up his capital in the form of tea blending machinery, warehouse space, and stocks, he arranges with a tea importer to supply him with teas already blended, the quantities of which are not subject to unreasonable change. The principle involved in both cases is that of assembling. An almost similar process of production has occurred in the cycle business. The large man makes the bicycle complete and all its parts. The small man buys standardised parts and assembles the machine.

**Manipulative Processes.** Complete production involves a number of clearly marked sub-divisions or departments. The supply of raw materials required for the transformation process is secured by organising a purchasing department. This department holds the balance between sources of supply and the factory manager's needs. There will probably be a supplies testing department with its staff of chemists, analysts, and metallurgists. When the raw materials arrive they are handed over to the stores department, which is a kind of reservoir and is the internal distributive unit. There may be a central stores supplying a group of factories and consequently a stores transport department. In a very big business, as, for instance, in a railway company, there would be a department which functions as a stores transport supplies department with further sub-divisions, as may be needed. The engineering department of a big works is responsible for the equipment and maintenance of the plant. Its function may be divided into building, machinery, tools, probably with a separately organised engineering purchasing department, repair shops, tool stores, etc.

**Administration.** The most important function of management is that of balance, which secures that production keeps step with distribution or *vice versa*. To secure a perfect balance there must be reservoirs of material and labour, so that when an extra amount of production is called for it can be met by drawing on reserves, or if less exertion is required the whole business machine can be slowed down without impeding its future efficiency. In the old-fashioned type of business this variable rate of progression was often secured by means of a reserve of casual labour, so that the operative staff could be enlarged or decreased at very short notice. Casual labour, however, shows a remarkable tendency to become organised labour, and industries can no longer count upon meeting emergencies in the old manner. Wise management, therefore, contrives by other means to vary the pace of production when required. One of these is the principle of minimum output. Here the entire business organisation is designed to produce such an annual quantity as it is known can be distributed. Under this system any extra demand that may arise is taken care of on the reserve principle, or by calling in the assistance of other factories. Another method of balance is that of varied production. There is a well-known firm which produces mustard and starch products which are in demand at different times of the year and the manipulative staff can be changed over from one to the other product. Under conditions brought about by the recent war a large number of firms found that they could safeguard themselves against fluctuations by adopting varied production. Other specialised elements in production, such as the straight line principle and motion study, are described under the heading of MANUFACTURING BUSINESS, ORGANISATION OF.

**Control.** Management or administration and control are not precisely the same things. Strictly speaking, a manager is someone on the spot who supervises an operation. Control is frequently exercised from a distance. The controllers of a Colonial railway, for instance, normally exercise their functions as a board of directors in London. It is not necessary that any of the directors should be personally familiar with the railway they direct. The functions of management are graded. At the bottom there is the foreman who directs the routine operations of a gang. He receives instructions from a shop superintendent. The superintendent is under the departmental manager and a group of departmental managers are under the works superintendent. The latter's function is to take charge of the whole routine of production. The link between this routine of production and the board of directors is the factory manager. To him the general manager issues instructions to produce so much of something, and the factory manager controls or modifies the routine accordingly. The management of a large factory is often more than one man can efficiently supervise. There are, therefore, functional managers who link department with department or process with process. All questions of the staff, for instance, are assigned to the employment manager. Under him will be the wages clerk, and by this means there is a link between the chief cashier and the factory. The works chemist has a title which explains itself. He will be concerned with the quality both of the incoming material and of the standards of the finished production. Under him will be a research chemist who is continually trying to find improved methods, or the better utilisation of waste products. The chief engineer is another functional manager who will have assistants responsible for such things as buildings, machinery, and tools. The chief costing clerk is not essentially a member of the factory staff because the control element of costing is now regarded as more a part of the management element. The cost clerk, however, is nearly always installed in the factory office, and is therefore close to the records which he chiefly receives. His chief function is to keep the board of directors informed by means of statistics as to the factory cost, so that budgets of future expenditure can be prepared. As concerned with the management of the factory, however, the cost clerk is continually analysing the cost of production of jobs or groups of jobs of departments. He discovers which are the most costly elements in a composite production so that steps may be taken to reduce them. Under him is the estimating staff, who, from the facts which have accumulated in the costing office, discover the probable cost of the labour and material for the execution of new orders. In those cases where estimating can be approximately standardised, there will be a quotation clerk. For instance, the normal production costs of steel joists are known, the selling price will depend upon a variable quantity—the market price of steel. The quotation clerk can therefore give a price for a joist of standard dimensions with very little computation, but an enquiry, say, for the cost of the steel for a new bridge may involve, as of labour in the costing department before an estimate of the selling price can be prepared.

When a board of directors exercises control from a distance, it does so by means of reports and statistics presented by the chiefs of the various

departments. Statistics are often presented in graphic form. (See **DIAGRAMS AND CHARTS**.) A board of directors normally sanctions acts already accomplished. If it disagrees fundamentally with something already done the manager responsible may be warned or superseded. Arising out of such reports the principles and policies of the business crystallise. These being established, the executive head, the general manager, is made responsible for their application. In a well-organised business, therefore, the board of directors need not meet very frequently. If its chief business is to exercise a general financial control over new or future expenditure and to lay down the law with regard to extensions of the business. In a large concern there will be an extensive directorate and most of the executive heads may be on the board. By this means a high degree of co-ordination is ensured. (See **COSTING HOUSE**, **ORGANISATION OF**; **PURCHASING STOCK**, **ORGANISATION OF**; **EXPORT TRADE**, **ORGANISATION OF**; **IMPORT TRADE**, **ORGANISATION OF**; **MAIL ORDER BUSINESS**, **ORGANISATION OF**; **PURCHASES DEPARTMENT**, **ORGANISATION OF**; etc.)

**ORGANISATION OF ACCOUNTS.** (See **COSTING HOUSE**, **ORGANISATION OF**; **MANUFACTURERS' ACCOUNTS**, **ORGANISATION OF**.)

**ORGANZINE.**—The name given to a twisted silk thread and to the fabric made of it.

**ORIGINAL BILL.**—This is the name given to a bill of exchange which has been drawn and discounted before any indorsement has been placed upon it. It is obvious that such bills can never command any great price in the open market, unless they have been drawn upon, or accepted by, business houses of the very highest repute.

**ORIGINATING SUMMONS.**—This is the name given to a certain method of procedure adopted in the Chancery Division, by which in stead of the lengthy procedure of an ordinary law suit a particular question or a series of questions dealing with certain matters, e.g., the construction of a will or a deed, is or are determined without the formality of a trial. There are other matters also of importance and frequent occurrence which are dealt with in a similar manner. One of the most frequent, perhaps, is the procedure when new trustees of a deed or a will are required to be appointed and a vesting order is necessary in order to transfer the trust property from the old trustees to the new ones.

**ORMOLU.**—A word meaning "beaten gold," and used to denote a gold coloured alloy of copper and zinc. Ormolu is employed for imitation gilding and bronzing. Ornaments are also made of it, and the name is sometimes applied to bronzed goods in general. (See **MOSAIC GOLD**.)

**ORPIENT.**—A yellow pigment yielding "king's yellow," and consisting of a sulphide of arsenic. It is found in its natural state in the Harz Mountains, in Hungary, and in Persia, but is usually prepared artificially by treating arsenious oxide with sulphur. Its use is declining on account of its poisonous properties.

**ORRIS ROOT.**—The dried root of the *Iris florentina*, a species of Italian iris exported from Leghorn. It possesses a scent resembling that of the violet, and is much used in perfumery, chiefly for scenting toilet and tooth powders.

**OSIERS.**—Also known as rods. They are the twigs of willows grown especially for wicker-work and basket-making. The *Salix viminalis* and the *Salix triandra* are extensively cultivated in the Fen district, but the home supply of osiers has to



be supplemented by imports from France and the Netherlands.

**OSMIUM.**—The heaviest substance known. It is a hard, bluish white metal found in platinum ore, occurring in North and South America and in the east of Europe. It is the most infusible of all metals, and is used for the filaments of incandescent lamps, the tips of gold nibs, and many other purposes for which hardness is required. The oxide is volatile, irritating, and poisonous. It is valuable in microscopy for hardening animal tissues.

**OSNABURG.**—A coarse sort of canvas or linen, so-called from the German town where it was first made. It is used for negro clothing.

**OSTENSIBLE PARTNER.**—The expression "ostensible partner" is, in partnership matters, applied to a person who, whilst not a partner, in some way lends his name to a business and so earns a reputation as a member of the firm or a partner with the trader carrying on the business. Other names given to such person are "quasi-partner," "nominal partner."

**OSTRICH FEATHERS.**—The plumes obtained from the wings and tail of the ostrich. They are in great demand for boas, fans, hat-trimmings, etc., and the prices vary greatly according to quality, colour, and length. The best plumes are obtained from three-year-old male birds. Cape Colony has practically the monopoly of the feather market. Ostrich-farming is one of the most important industries, and every effort is made to protect it by preventing the exportation of living birds. Attempts at ostrich farming have been made in the Soudan, and in Egypt, West Africa, Australia, California, and South America, but none has been commercially successful.

**OSWEGO CORN.**—The flour of Indian corn, so named from the American town on Lake Ontario, where the manufacture is carried on.

**OTTER SKINS.**—The skins of aquatic carnivores of the weasel family. The common otter is widely distributed throughout Europe and Asia, but the Canadian species is more prized, and there are large exports of skins from Canada to Great Britain. The fur has high commercial value.

**OTTO OF ROSES.**—The name *otto* is variously spelt *ottar* or *attar*. It is a fragrant volatile oil obtained by distilling roses. It is imported from India, Syria, Persia, and Roumicha, where the flowers are cultivated for the purpose. Otto of roses is a valuable ingredient of many perfumes.

**OUNCE.**—A denomination of weight, from the Latin, *uncia*, signifying the twelfth part of anything. The ounce in troy weight is the twelfth part of a pound, and contains 480 grains. In avoirdupois weight, the ounce is the sixteenth part of a pound, and contains 437½ grains troy. In apothecaries' weight, the ounce is equal to eight drams. A troy ounce is equal to 31.1035 grammes, and an avoirdupois ounce to 28.3662 grammes.

**OUT CLEARING.**—This is a term used in connection with the clearing house (*q.v.*). When a bank makes an exchange of cheques with another bank, those cheques which are given out form the "out" clearing, whilst those which are received constitute the "in" clearing.

**OUT OF DATE.**—(See *STALE CHEQUE*.)

**OUTPUT.**—This is a common trade term used to signify the deliveries or shipments of a trading firm, or the quantity of goods produced by a business house in a given period of time. The monetary

value of the goods is often spoken of as the "turnover" of the business.

**OUTSIDE BROKERS.**—By outside broker is meant an individual or firm trading in stocks and shares without being a member of a Stock Exchange. The term is sometimes used to designate bucket shops (*q.v.*) but also includes some most important houses doing a very large business. The fact that members of the Stock Exchange are not permitted to advertise gives a great advantage to non-members and there is little doubt that the amount of business that is transacted with outside brokers is on the increase. Some of these establishments do a very large business indeed, and while a certain amount of such business does not pass through the Stock Exchange, this does not hold good of all, and many of the large outside brokers employ a number of inside brokers, *i.e.*, members of the Stock Exchange, and their business is much sought after.

Another advantage outside brokers enjoy over members of the Stock Exchange is, that, being at perfect liberty to deal with anyone, they can often approach banking houses, issuing houses, and others direct, and save the jobbet's and all intermediate profits. Owing to the term "outside broker" being somewhat loosely employed, it covering the "cover snatching" and "blind pool" bucket shop, as well as the most reputable and soundly established firm doing only an investment business (both of which are "outside" in the sense that they are not members of the Stock Exchange), the description "outside broker" has in some quarters come to be looked upon as derogatory. As a matter of fact, wide discrimination is necessary, and, as has already been stated, the tendency is towards the expansion of this branch of business.

**OVA.**—A word restricted for commercial purposes to the spawn of fish sent to various parts of the world as the means of introducing certain food fishes. Australia imports large quantities of salmon spawn.

**OVER CAPITALISED.**—When the business of a firm is such that its capacity for earning income is not sufficient to provide interest on the capital invested, it is said to be over-capitalised.

**OVERDRAFTS AND ADVANCES, BANK.**—The methods of making advances by banks to customers are various. The most customary is that by way of overdraft on current account. Advances are also made to customers on separate loan account, the amount being fixed and not fluctuating as is the case with an advance on account current.

In the case of a loan account, the practice commonly is to debit "loan account" and credit "current account" the latter being the one upon which the operations take place. Another form of loan is on a promissory note and very frequently in discounting a bill, which is tantamount to an advance on security of the bill during its currency.

In weighing an application for the facility of an overdraft, the value of an account is an all-important factor to which the banker is attentive. The turnover should be adequate, and the maximum and minimum balance within a given period elastic, indicating that the account is an operative one. When approaching his banker for a limit of overdraft, the customer would be well advised to exercise frankness and indulgence in the confidence of the bank manager with particular regard to his business and financial position, for in connection with advances generally the character and business acumen of the customer are features to which much

weight is attached in the decision for or against the proposal. If a customer were reticent to such a degree as to excite suspicion as to the character of the transaction involved, or the stability of his own financial position—or show unreasonable umbrage and annoyance on being asked to furnish details as to his assets or capital, or provide a balance sheet—he would have no reliance if the bank stipulated for tangible security, preferring in these circumstances that no portion of the overdraft should remain uncovered, whereas an unreserved disclosure of his position would, in all probability, induce the bank to make allowances, other things being equal—in the shape of an advance, a reasonable fraction of which would be uncovered, by reason of the confidence which a straightforward disclosure of position would have warranted.

In creating an overdraft the bank will look with disfavour on a proposal which involves a "lock up" or "dead loan" of long duration, preferring a short-term fluctuating debit balance operating within a prearranged limit against approved form of security of a type easily realisable in case of need. Under this head, marketable securities and life policies (with appreciable surrender values), pledged by formal assignment, are the most acceptable. Guarantees by approved parties are a convenient form of cover, but mortgages of property, of freehold or leasehold tenure, though more cumbersome to effect as a security, are not unequippable. Hypothecation of produce or goods in public warehouses is another form of cover for loans and overdrafts, but these are usually of short duration pending sale of the articles. As a rule, this class of business is confined to seaport towns.

With regard to securities, negotiable instruments are clearly the most favoured by reason of their realisability in case of need. Under this head the following are noteworthy:

Bills of Exchange, Promissory Notes, Cheques, Bonds to Bearer, scrip to Bearer, Exchequer Bills, East India Bonds, Bills of Lading (to some extent), and War Loan Scrip.

Stocks and shares are a convenient form of security which can be effected with comparative ease by taking a transfer on the prescribed form executed under seal by the person in whose name the stocks and shares are registered. The transfer should be made in favour of nominees of the bank, and to be a proper security the transfer should be registered with the company. The customer would be asked to sign the usual form of memorandum of deposit to accompany the certificate. Some companies insist upon transfers being by deed. Sometimes blank transfers (*i.e.*, transfers signed by the registered holder without inserting the date or name of the transferee) are drawn out and held. This practice, however, has shortcomings, for blanks in a deed cannot be completed after execution. The document should be redelivered by the party signing it. Therefore, when a transfer has to be made by deed, it should be completed in every respect. From this it will be gathered that when a transfer must be made by deed, and a blank transfer has been signed, the property in the shares will not pass it, when necessity arises, the banker completes the document without redelivery of the same by the transferor. Where, however, a transfer by deed is not necessary a blank transfer can be completed after execution, by the transferor. The reason for this is that a deed takes effect only from its delivery in a complete form.

If an incomplete transfer is held, notice of the bank's lien should be given to the company. The certificates, of course, will remain in the hands of the banker. Mere deposit of the certificate with the banker, without accompanying document, will create what is known as an "equitable lien" in favour of the banker, but this is always liable to be defeated by prior equities. Possession of the certificates takes the property out of the "order and disposition" clause in bankruptcy.

A banker should never register shares upon which there is a liability for unpaid calls; this means a liability for which the banker does not care.

Policies of life assurance are another satisfactory form of security where the surrender values are appreciable, the practice being to take a formal assignment of which due notice should be given to the company, care being taken to see that premiums are paid as they become due.

In lending upon securities of land, houses, etc., attention should be directed to the important question of margin having regard to the tenure (freehold, leasehold, or copyhold) and possible depreciation during the continuance of the loan.

Property of any tenure made a security either by the execution of a legal mortgage or by mere deposit of deeds with or without the accompanying memorandum of charge. In the case of leasehold property it cannot be regarded as a first class banking security unless it is a long term lease and not subject to onerous covenants, and even then the question of the unexpired term is the basis of the calculation of the value.

In order to avoid liability for the lessee's covenants in the lease the banker should take a mortgage by way of under-lease (by demise) thus leaving the last few days of the term vested in the mortgagee and so saddling him with the obligation for due performance of the covenants in the original lease. To preserve a leasehold security the mortgagee should be concerned to see that the ground rent is promptly paid and nothing done to mean forfeiture for breach of covenant.

Freehold property is a somewhat better class of security, but even this may be subject to restrictions. Its tenure, however, is of indefinite duration.

A copyhold interest is almost equivalent to freehold except that the tenure is by copy of the Court Roll and at the will of the lord of the manor. The mortgage of copyholds is constituted by unconditional surrender of the Court Roll of the manor and admission of the encumbrance, namely, the mortgagor.

In every case it is essential that a margin should be preserved of at least 20 per cent. over the amount of the advance, and in arriving at this margin, whether in the case of stocks or shares or property of any description, the prudent banker will make every allowance for depreciation for whatever cause, to safeguard himself from contingent loss.

Other forms of security for loans are mortgage of ships which are executed on prescribed forms and require registration with the registrar of shipping at the port of registry.

Assignments of contracts are looked upon with disfavour owing to the difficulties to be met with if any occasion should arise to enforce the security.

Care should be taken lest the assignment in form amounts to a bill of sale, as this would involve registration, a procedure which might seriously affect the credit of the customer.

Borrowings by public and limited companies are

generally secured by debentures (mortgages of their assets including the uncalled capital). Debentures to secure a bank overdraft are invariably made by way of floating charge and contain a clause prohibiting the creation of any mortgage or charge ranking *pari passu* with or in priority to the debentures of that series.

A guarantee for an overdraft is a convenient form of security easily effected. It has the added advantage from the banker's point of view of being collateral in its effect and it is more advantageous than a direct security in the case of bankruptcy or insolvency of the principal debtor, since the bank could prove in the bankruptcy for the entire amount of the debt and call upon the surety to make up the deficiency.

Loans by way of discounting bills are made on the strength of the reports respecting the financial stability of the parties to the bills. Obviously the loan is of a temporary nature during the currency of the bill.

Borrowings on promissory notes are usually of short duration, the usual practice being to obtain a note by joint makers in which their liabilities would be joint and several and therefore cumulative.

In granting an advance, the banker would fix the limit within which the customer would be expected to restrict his drawings. There would be an implied understanding that cheques would be honoured to the extent of the agreed advance, but the banker would always reserve to him of the indisputable right to cancel the facility at any time should he find occasion so to do.

**OVERDUE BILL.** A bill of exchange is overdue when it has not been paid at maturity. Where a bill is payable at a certain fixed future determinable time, the date of payment is shown by the instrument itself. When a bill is payable on demand, it is said to be overdue if it appears on the face of it to have been in circulation for an unreasonable length of time. What is an unreasonable length of time will depend upon the facts of the case. If an overdue bill is negotiated, it is taken by any transferee subject to any defect of title attaching to it at maturity.

There is a presumption that a bill which is twenty years old has been paid.

**OVERHEAD PRICE.** The price which includes all items usually charged as extras over the basis price.

**OVERNIGHT MONEY.** Money borrowed by bill brokers from bankers for a short period, usually from the afternoon of one day until the following morning.

**OVER-RIDING COMMISSION.** This is a commission paid to brokers and others as a consideration for finding persons to underwrite (see UNDERWRITING). It is not always easy to place underwriting, and underwriters sometimes offer some of it to various stockbrokers and other agents with whom they are acquainted, with a view to such underwriting being offered to and taken by the client, or friends of such brokers and agents. And as these intermediaries require some inducement to act in the matter, it is necessary to offer them a special commission for placing the underwriting, and it is this special commission which is known as "over-riding commission."

**OVERSEA MARKETS.** (See FOREIGN MARKETS, HOW TO GET IN TOUCH WITH.)

**OVERSEAS REPRESENTATIVES.** The colonial and foreign representation of manufacturers and

shippers is in the hands of three principal classes. First among these is the commission agent, next comes the special representative; and the third is the merchant-agent. The commission agent has developed into one of the greatest selling forces in the export trade. He is a kind of super-commercial traveller, but is in no sense a salaried employee. He specialises in one particular market or group of markets, establishing his headquarters, probably with permanent office and showroom, at a leading commercial centre in his market, and makes "the round trip" to other centres periodically. He carries a number of agencies, usually ten or a dozen, and is responsible for the sole organisation of each throughout his territory. His work is rendered entirely different from that of the home traveller by the necessity for shaping it to the exigencies of the British export system, under which it is the general rule for manufacturers to avoid direct trading with importers, and to ship only through home merchants or commission buyers. He cannot actually take orders himself, nor can he trace all the orders which may result from his efforts. His method is to canvass the wholesale buyers in his market with a view to inducing them to specify his goods in the indents they send to their regular shipping connections at home. Having obtained the promise that a certain order shall be included in the next indent, he notifies the manufacturer of the goods, and it is the latter's business to get the order "confirmed" on the arrival of the indent in London or at whatever home centre the importer's buying agent or merchant shipper is established. The usual procedure is for the overseas agent to make three duplicate copies of the promised order, handing one to the importer as a guide and reminder when preparing his indent, retaining a second for himself, and sending the third to the manufacturer he represents. For this work he receives payment in the shape of commission, varying in amount according to the nature of the goods handled, on all orders received from his territory, regardless of whether they can be traced to his influence or not. In addition, he is usually given a definite yearly expenses allowance by each of the firms he represents. The special representative is in another category altogether. He may be a technical expert employed by an engineering firm in connection with large contracts, his mission may be to settle a dispute or solve some thorny problem, or he may be entrusted with the responsible task of organising a system of local buying agents. Seldom or never is he employed to do work similar to that of the commission agent, for there are few cases in which it is either profitable or necessary for a man to be wholly and solely employed as a salesman in the interests of one firm only. The third type of overseas representative, the merchant agent, buys on his own account, often on consignment, and holds sole rights of sale in his district. He is usually given special agency rights in regard to proprietary lines, in the engineering trades which are not covered by the ordinary general merchant, and in which it is advisable for local stocks to be held, and erections and repairs to be carried out under skilled direction, and in markets of a difficult or undeveloped character, such as Egypt has hitherto been, where the average local merchant has no buying connections in England.

**OVER TONNAGE.**—This is a phrase used to indicate that there are more vessels available at a

certain port for the carriage of goods than are required for the freight which is offered.

**OVERSEERS.**—These are the officials who are appointed to supervise the administration of the poor law of any particular district, with the assistance of subordinates known as assistant overseers. Since the passing of the Local Government Act, 1894, the overseers of rural parishes are appointed by the parish council, or the parish meeting, if there is no parish council. In urban districts the justices make the appointment, unless the Ministry of Health, acting under the powers given by the Act of 1894, transfers it to the local council. London occupies a peculiar position, as the councils of the metropolitan borough act as overseers. The chief duty of the overseers is the collection of the poor rate when a proper assessment of property has been made. The justices sanction the rate, but the overseers are responsible for all matters connected with its collection. Other duties include the preparation of various registers, parliamentary and other, and the lists of jury-men. An overseer must be a householder, but may be a female.

**OVERTRADING.**—We may define "overtrading" as the locking up of so great a portion of the capital embarked in an undertaking that too little is left for effective use as a medium of exchange. The sanguine trader may stretch his credit so far that it becomes out of all proportion to the amount of the actual means of payment over which he has command. A bank which has retained a reserve too small is hampered and harassed at any demands in the least extraordinary, and, though ultimately solvent, may be obliged even to suspend payment. Just so, an individual may be embarrassed, not because his assets, if realised, cannot meet his obligations, but because at the moment he cannot realise the capital he has improvidently tied up. Time is an element in the matter; the important thing is to have here and now the power to satisfy creditors. A certain amount of capital—more or less according to the circumstances of credit—must be held in the form of money to secure solvency. This money is not necessarily cash; it may be credit at a bank, but, at all events, it is that which, by common consent of the business world, is used as a basis of commercial obligations. If he cannot, at the moment he must meet his acceptances, command a sufficient supply of "money," the fact that he is ultimately solvent may not save him from bankruptcy; or he may, in order to avoid bankruptcy, be obliged to borrow on exorbitant terms. The anticipated profits from the invested capital would in that case be no recompense for the losses entailed in negotiating the loans. At a time of inflated credit he may have been tempted to extend his operations beyond what was prudent, and before he could realise he may have been overtaken by a collapse of credit, a time of monetary stringency. A spirit of speculation, intense in degree and extending to many commodities, may have driven prices high, so that obligations incurred during the period of inflation could not be met when the reaction having come, there was a recoil of prices.

In Tooke's *History of Prices* there are some startling instances of overtrading at a time of great speculative activity. "A person," he says, "having the reputation of capital enough for his regular business, and enjoying good credit in his trade, if he takes a sanguine view of the prospect of a rise

of price of the article in which he deals, may effect purchases to an extent perfectly enormous compared with his capital." The immensity of war with China in 1839 had pointed to a shortage in the tea supply, and many dealers speculated heavily. The supply, however, increased beyond the calculations of the speculators; the high price curtailed consumption, and many, who were forced to realise at a ruinous sacrifice, failed. "Among these was one who, having a capital not exceeding £1,200, which was locked up in his business, had contrived to buy 4,000 chests, value above £80,000, the loss upon which was about £16,000." A speculator in corn was possessed of a capital not exceeding £5,000: "When he stopped payment his engagements were found to amount to between £500,000 and £600,000."

**OWNER'S RISK.** This phrase is frequently met with in connection with the carriage of goods, when the terms of the contract entered into between the carrier and the owner of the goods is such that the former is to be held free from any claim for damage, loss, etc., during the period of transit, the owner, in fact, being the person who takes the whole risk.

The general state of the law as to the liability of carriers (*q.v.*), is dealt with under a separate heading, and it is there shown how carriers in older times used to try and get rid of the common law liabilities by various devices, especially by posting up notices. And if it could be shown positively that the notice had come to the knowledge of the customer, the carrier was freed from liability. The efficacy of public notices of the kind in use was destroyed by the passing of the Land Carriers Act, 1830, and a further change was made by the Railway and Canal Traffic Act, 1854. But there was nothing to prevent the carrier entering into a special contract with a customer as to the terms of the carriage, and this remains the law to the present time, it only being necessary to show that if a special contract is entered into, the same is signed by the customer or his duly authorised agent, and that it is just and reasonable.

These conditions, however, seem to apply only to railway or canal companies. Another Act, passed in 1868, called the Regulation of Railways Act, again permitted public notices to be made use of, and these notices have a certain amount of validity. To make them effectual, however, they must be published in a conspicuous manner in the office of the carrier, and they must also be printed in a legible manner on the receipt or freight note issued by the carrier.

With a full knowledge of this kind before him, if a customer does enter into a special contract with a carrier, by means of which he takes upon himself all responsibility in case of damage, loss, etc., he cannot have any cause for complaint if he does suffer in the long run. The risk is that of the owner. The owner is not compelled to take the risk, and the carrier cannot, generally speaking, refuse to carry the goods. Under the circumstances, unless it is proved that there is any overreaching, the owner will be bound by his special contract. It is not an uncommon thing for a customer to be tempted by what are known as alternative rates, *i.e.*, rates for carriage which are different according to the obligation imposed on the carrier. It is in cases of this kind that litigation has most frequently arisen. But it was remarked by a learned judge in a case tried in 1880, "If an owner of goods to whom the full protection of the Railway and Canal Traffic Act is offered on reasonable terms,

deliberately elects, or the valuable consideration of a substantial reduction in the cost of carriage, to agree to release the carriers from certain liabilities, he cannot escape from the contract so entered into, unless he can show that he has been so far overreached in the transaction as to make the agreement void at common law, or that the offer of the alternative is a fraud upon the statute." (See CARRIERS; RAILWAY, CONSIGNMENT OF GOODS BY; RAILWAY COMPANIES' LIABILITIES.)

**OXALIC ACID.**—A poisonous acid occurring in several other plants. It is a white solid resembling Epsom salts, for which it is sometimes mistaken with disastrous results. There are various methods of preparing this substance, but it is usually produced for commercial purposes by oxidising sawdust with a mixture of the hydrates of potash and soda in the proportion of one to two. Oxalic acid is used in calico-printing, straw-bleaching, brass cleaning, etc., and is the base of several useful salts, e.g., salts of sorrel. Its chemical symbol is  $(COOH)_2$ .

**OX TONGUES.**—The tinning of ox tongues is an important industry of South America. Uruguay is the chief port of exportation.

**OVER AND TERMINER, COMMISSION OF.**—This is one of the several authorities conferred by the commission of assize to the judges and other persons therein named "to inquire, hear, and determine" concerning treasons, felonies, and misdemeanours

committed within the counties named, "as well within the liberties as without."

**OYSTERS.**—The bivalve shell-fish cultivated for human consumption in Great Britain, France, Holland, and in several parts of the United States. It must not be confused with the pearl oyster, which belongs to a different family. Oyster beds require careful protection, as the presence of impurities in the water may lead to fatal results. Oysters are usually found on banks several fathoms deep, and the spawning takes place in the early summer. The spawn is collected and reared artificially in very shallow water, the oysters thus cultivated in the mouth of the Thames being known as "natives." These are of far better quality than the natural oysters, and are obtained principally from Whitstable and Colchester. The oyster-fisheries of America are most important. They supplement the home supply of Great Britain, which does also an import trade with France and Holland.

**OZOKERITE.**—A species of earth-wax, consisting of hydrocarbons, occurring naturally in Moldavia, Galicia, and the United States. When of inferior quality it is a dark brown resinous substance, and is used as a lubricant and a burning oil. Pure ozokerite is a soft, transparent solid, green or yellow in colour. When purified and filtered, it is used for making candles. This substance is also the source of solid paraffin.

## P

**P.**—This letter occurs in the following abbreviations—

|           |   |
|-----------|---|
| P/A,      | Power of Attorney                               |
| P.A.,     | Yearly (Latin, <i>per annum</i> )               |
| P.B.,     | Pass Book                                       |
| P/C,      | Price Current                                   |
| P.C.,     | By the Hundred (Latin <i>per centum</i> )       |
| P. & L.,  | Profit and Loss                                 |
| P/N,      | Promissory Note                                 |
| P.O.,     | Postal Order                                    |
| P.O.O.,   | Post Office Order                               |
| P.P.,     | Per Procurator                                  |
| P.S.,     | Postscript (Latin, <i>post scriptum</i> )       |
| Payt.,    | Payment   |
| Per an.,  | Yearly (Latin, <i>per annum</i> )               |
| Per ct.,  | By the Hundred (Latin, <i>per centum</i> ).     |
| Per pro., | Per Procurator                                  |
| Pm.,      | Premium   |
| Pro       | For   |
| Pro tem., | For the time being (Latin, <i>pro tempore</i> ) |
| Prox      | Next (Latin, <i>proximus</i> )                  |

**PACKAGE.**—A bundle, a bale, or any other receptacle for goods. Also the charge made for packing.

**PACKEN.**—(See FOREIGN WEIGHTS AND MEASURES—RUSSIA.)

**PACKING.**—(See EXPORT TRADE, ORGANISATION OF, RAILWAY, CONSIGNMENT OF GOODS BY, SHIPPING GOODS ABROAD.)

**PACTION.**—A name which is sometimes found as the equivalent of a contract or agreement.

**PAID CHEQUES.**—(See CANCELLED CHEQUES.)

**PAID-UP CAPITAL.**—The capital of a company is said to be paid up to the extent of that amount which is represented by money or money's worth which has been received for such share capital as has been issued by the company as contrasted with the authorised or nominal capital, which is the amount of capital under which a company is registered. The paid-up capital of a company will only consist of such portion of the authorised amount, and, furthermore, the shares issued may only represent a portion of the nominal amount of each, as, for instance, 10 shares can be issued and may be paid for to the extent of the application, allotment, and such calls as the board have determined to make upon them. It may be the deliberate intention of the board to call up only 15 on each share, leaving 45 uncalled to be utilised as and when the company may need further cash resources. This is a practice very commonly resorted to by assurance companies, where it is frequently found that a large amount is due to be called up from the shareholders when occasion arises.

**Balance sheets.** Although no specified form has been laid down, it is the common and very essential practice so to set out the details dealing with the conditions of the company's capital liability as to show the precise position specifying the amount of authorised or nominal capital, which, by the way, is not added to the other figures under the head of liabilities, unless the whole of the authorised capital has been issued and is fully paid up. Below this, the statement of issued capital follows, detailing the classes and nominal values of the shares and

## P

the extent to which calls have been made from this amount, any amounts left unpaid, but due, will be deducted and the balance carried into the main column, to be added to the other liabilities on the balance sheet. The following is an example to illustrate the above:

|                             |         |         |
|-----------------------------|---------|---------|
| Authorised capital £500,000 |         |         |
| in 250,000 Preference       |         |         |
| Shares of 1 each            |         |         |
| and 250,000 Ordinary        |         |         |
| Shares of 1 each            |         |         |
| Issued capital—             |         |         |
| 200,000 Preference          |         |         |
| Shares of 1 each            |         |         |
| Fully paid-up—              | 200,000 |         |
| 200,000 Ordinary            |         |         |
| Shares of 1 each            |         |         |
| 15s. per share called up    | 150,000 |         |
|                             | 350,000 |         |
| Less calls unpaid           | 1,000   |         |
|                             |         | 349,000 |

The capital liabilities of a company thus stated will give a clear exposition of its liabilities to the members, and at the same time will disclose the liability of the ordinary shareholders to the extent of 5s. per share, indicating at the same time that certain members are defaulters for calls which have already been made to the extent stated, in this instance, the principal point to remember is that the paid-up capital of the company stands at £350,000, the company having only exercised its powers to issue four-fifths of the total number of shares authorised for circulation, and, in addition, has only called up three-fourths of the ordinary capital so issued.

**Annual Returns.** The particulars required as to paid-up capital, set out under Section 26 of the Companies (Consolidation) Act, 1908, to be embodied in the Annual Return known as Form "1," are as follows—

"1. The total number of shares of each denomination taken up to a specified date, as described in the form, which must agree with the totals shown in the list accompanied by the return.

"2. The number of shares issued for which cash payment has been or will be made for each class of shares.

"3. The number of shares issued in kind for which no cash has been or will be received.

"4. The amount called up on each share of any denomination, if more than one class.

"5. The total amount received by way of calls, whether for application, allotment, or otherwise.

"6. The total amount agreed to be considered as paid upon shares issued otherwise than for cash.

"7. The total amount of calls unpaid."

These particulars, amongst others, when inserted on the first page of Form "1," will constitute the full information as to paid-up capital.

## [PAI

**Liquidation.** It is important to note that paid-up capital, representing shares upon which only a proportion has been called, will represent the liability resting upon the shareholders for the remaining portions of the shares so issued, and that, in winding-up, the liquidator may exercise statutory powers to make the calls for the whole or a portion of the uncalled capital and to enforce payment.

**PAID UP SHARES.**—The shares of a joint stock company upon which the full nominal value of the same has been paid.

**PALAME.**—(See FOREIGN WEIGHTS AND MEASURES.—GREECE.)

**PALATINE COURTS.**—The Palatine Courts which are now in existence are those of Lancaster and Durham, and these still continue to exercise a certain amount of Chancery jurisdiction, although their common law jurisdiction was taken away by the Judicature Act, 1873. The powers which they possess refer only to causes of action which arise within their respective counties.

The name "palatine" was derived from a *palatio* (the palace where the lord of the county exercised practically regal power), and the districts which possessed palatine courts were known as counties palatine. Originally there were five of these counties—Chester, Durham, Hexhamshire, Lancaster, and Pembrokeshire. The last-named lost its peculiar rights in the reign of Henry VIII, and Hexhamshire became merged in Northumberland in the reign of Elizabeth. Chester lost its position as recently as 1830.

**PALESTINE.**—At the time of going to press, Britain is administering and policing Palestine, and considerable progress has been made in improving and opening up the country. Although no larger than Belgium, Palestine boasts every kind of soil, from sand and broken limestone to rich red and chocolate loam, while almost every variety of climate may be experienced. With regard to products, honey, wine, oranges and wheat are the chief. In the production of honey Palestine is far ahead of any other country, while Jaffa oranges are well known. The industries deserving of mention are wine making, silk factories, glass works, perfume distilleries, soap and candle works, butter and cheese-making. The country is rich in minerals, and oil, coal, sulphur, and salt should, if worked on modern lines, be valuable productions in the near future. Mention should also be made of the fact that Palestine given proper attention and opportunity of recovering from the effects of Turkish misgovernment and the neglect of centuries—should become one of the richest agricultural countries for its size in the world.

Later and fuller information regarding this new state will be found under the heading of SYRIA WITH PALESTINE.

**PALISANDER WOOD.**—A name derived from the French *palissandre*, and standing for rosewood and other valuable fancy woods obtained from various South American trees, and used chiefly by cabinet makers. The best palisander wood comes from Brazil.

**PALLADIUM.**—A hard, steel-white metal of the platinum group, which does not tarnish on exposure to the air. It is occasionally used in the construction of delicate scientific instruments and balances, but is too costly for general employment. It is found together with platinum in the Ural Mountains.

**PALM.**—(See FOREIGN WEIGHTS AND MEASURES.—HOLLAND.)

**PALM KERNELS.**—These are the seeds of the oil palm, from which palm oil for the manufacture of soap, candles, margarine, etc., is produced. The refuse from this manufacture is a valuable cattle food. (See OIL PALM.)

**PALM OIL.**—(See OIL PALM.)

**PANAMA.**—Panama, till 1903 a department of the Republic of Colombia, is now independent. It lies between Costa Rica and Colombia, and has an area of 32,380 square miles, with a population of about 400,000. The climate of the republic is somewhat unhealthy, but that of the Canal zone has been remarkably improved by the destruction of the mosquitoes, which carry infection. The soil of Panama is of great fertility, and there is a luxuriant tropical vegetation. Only a small part of the country is cultivated. The banana is the chief product, other products of agriculture and the forests include coconuts, rubber, limes, mahogany and other woods, copuba, sarsaparilla, and ipecacuanha. Cattle-rearing is carried on in several of the provinces, and pearl-fishing in the Gulf of Panama and at Corba Island is important. Mining and manufactures scarcely exist. Goods are conveyed in two-wheeled ox-carts on the imperfect roads, and in the mountainous districts mules are used as beasts of burden. Panama has the oldest inter-oceanic railway in the world; it was completed in 1855, and connects the ports of Colon and Panama (total distance, 47 miles). The chief exports are bananas, limes, rubber, turtle-shell, pearls, and cabinet woods, and the main imports are cotton goods and food-stuffs. The Americans now largely control the trade. The chief trade centres are *Panama* (61,000), the chief town, *Colon* (26,000); and *Porto Bello*, Atlantic port.

Mention must be made of the new Panama Canal which has so greatly shortened some of the most important ocean trade routes. The canal—which was opened in 1914—is cut through the Isthmus of Panama, and has a length of 50 miles, a minimum width of 300 feet, and a minimum depth of 41 feet. Under a treaty with the Republic of Panama, the United States of America has acquired complete control of the canal zone, a strip of land 10 miles wide, through which the canal flows. The cities of Panama and Colon remain under the authority of Panama, but the U.S.A. has complete jurisdiction in both cities in all that relates to sanitation and quarantine.

Panama is nearly 5,500 miles distant from Southampton. There is a weekly mail service from the United Kingdom, and the time of transit is about nineteen days.

For map, see CENTRAL AMERICA.

**PANAMA HATS.**—Light, durable hats much worn in tropical countries. They are made in Central America, Ecuador, and Colombia, from the finely plaited leaves of the *Carludovicia palmata*. High prices are paid for the genuine article, but the manufacture of imitation Panama hats is a flourishing industry in various parts of Europe.

**PANICS.**—These are sudden and violent alarms which occur periodically in the money market, when there is a general rush on the part of the public to realise stocks, shares, and securities generally. Panics are often caused by rumours spreading about as to the financial instability of a bank or other money concern, when confidence is lost and nothing but actual money will satisfy people.

**PAPER.**—The material commonly used for

writing and printing. It was introduced into Europe from China and Japan, where it had been manufactured for centuries. The name is derived from "papyrus," an Egyptian grass, from which the paper used by the ancients as far back as 3500 B.C. was made. The materials to-day are still obtained from vegetable fibres, such as esparto grass, coarse straw, and wood pulp, but the best paper is made from rags of linen and cotton, the article obtained from these being more durable than that manufactured directly from the vegetable substances. The manufacture of paper involves a variety of processes, which, since the beginning of the nineteenth century, have been carried out by machinery, which is also used in the preliminary steps of so-called "hand-made" paper. The processes include sorting, chemical cleaning, boiling with an alkali, washing, breaking, and bleaching. In manufacture, mixtures of mechanical and chemical wood pulp, with resin size and about 10 per cent of Kaolin (Chinese clay) are very thoroughly beaten into a homogeneous mass with water. If ordinary newspaper is desired, this beaten pulp is then strained into an endless wire gauze band, and at the same time water is extracted by vacuum suction. The pulp then forms a thin felt-like sheet, which is passed over or between warm rollers. It is afterwards surfaced in a calender and wound on to large drums.

Paper is manufactured on a large scale in Liverpool, but British imports far exceed the exports, the chief exporting country being the United States, where paper-making is an important industry owing to the abundance both of raw materials and of water-power.

*India paper* is the name given to a fine printing paper much used in printing. It is made in China and Japan from vegetable fibre.

*Chinese Paper*, made of bamboo bark, and *Japanese Paper*, made from the bark of the paper-mulberry, are fine, soft varieties, used like *India paper*, for expensive impressions on engravings.

**PAPER CREDIT.**—The system of dealing on dit by means of acknowledgments of indebtedness written upon paper.

**PAPER CURRENCY.**—The paper instruments which take the place of metallic money and serve as the currency or circulating medium of a country, such as bank notes, Treasury notes, cheques, bills, etc.

**PAPER MONEY.**—Bank notes, Treasury notes, bills of exchange, etc., which are circulated in place of actual coin, and which are guaranteed as engagements to pay by the Government of the country in which it is issued.

**PAPIER MÂCHÉ.**—A substance prepared principally from paper-pulp, and largely employed in the manufacture of cabinets, trays, fancy boxes, and other light articles. There are many varieties, one of which resembles lacquered wood, while others, like the plaster in architectural decoration. Of the latter class, the best known are (1) *carton pierre*, prepared from a mixture of paper pulp, whiting, and gum, and (2) *ceramic mâché*, which consists of paper-pulp, resin, glue, drying oil, and sugar of lead. Papier-mâché is usually prepared either by compressing paper pulp mixed with glue into moulds, or by pasting together and subjecting to high pressure thirty or more sheets of paper on a metal cone. The product is then usually varnished and decorated. The decoration generally takes the form of inlaying (for which mother-of-pearl is used) or of

gilding. The trade, which originated in a desire to imitate Japanese lacquer work, was introduced into England towards the end of the eighteenth century by Henry Clay, a native of Birmingham, and this city still remains the centre of the industry.

**PAPUA.** The territory of Papua was, until 1906, known as British New Guinea. It comprises the south-east portion of the island of New Guinea, which, with the exception of Australia and Australia is rather a continent than an island—is the largest island in the world. It has a length of over 800 miles and a breadth of about 200 miles. The territory includes the islands of the 141 atrecastrax and Fomstade groups and all islands between 8° and 12° S. latitude and 141° and 155° E. longitude. The total area is over 90,000 square miles, while the population is estimated at 200,000, of whom not 1,000 are Europeans. That part of New Guinea which was formerly under the control of Germany is now administered by the Commonwealth of Australia under a mandate. The Dutch hold about half of the island of New Guinea.

The islands in the group are mountainous and mainly of volcanic origin. Gold mining is one of the most important industries, while copper and petroleum are also found. The chief crops are coconuts, rubber, and sial hemp. There is a small amount of pearl fishing. Trade is principally with Queensland and New South Wales.

There are four ports of entry: Port Moresby, Samarai, Daru, and Bonaparte (Woodlark Island).

For map, see EAST INDIES.

**PAR.** This is a Latin word signifying "equal." It refers to the market price of bonds, stocks, and shares, when the price demanded is the nominal or face value (called nominal par) of the same. Thus, a 10 share fully paid up, is at par when it will realise £10 in the open market. If the market price is greater than the nominal or face value, the bonds, etc., are said to be "above par," or "at a premium"; if the market price is less, the bonds, etc., are said to be "below par," or "at discount."

**PARA.**—(See FOREIGN MONIES.—SERBIA, FORLEY.)

**PARAFFIN.** This name is sometimes loosely applied to the natural oils of America and Russia, but it is mainly confined to the series of hydrocarbons obtained by the destructive distillation of bituminous shale. Paraffin may be gaseous, liquid, or solid, according to the proportion of carbon present. When the shale is heated in retorts, inflammable gases, ammonia water, and oil distil over. The gas is generally consumed on the premises, and the oil is collected and again distilled. This second distillate, after further treatment with sulphuric acid and caustic soda, yields the paraffin oil of commerce, while the residue is solid paraffin, known, when purified, as paraffin wax. The latter is a non-volatile, crytalline, inflammable substance, without odour or taste, melting at 100° to 110° F. As it is insoluble in water, it is sometimes employed as a waterproof coating for barrels, etc., but it is principally used for making candles and fuertier matches, for modelling, cut and flowers, and as a laundry size. Paraffin is mainly obtained from Scotland.

**PARAGUAY.**—Paraguay ("The Mesopotamia of South America") is an inland country, and one of the smallest republics of South America. Its area is about 65,000 square miles, excluding the Chaco territory (which is claimed by both Paraguay and



Bolivia), and its population about 800,000. Three natural regions may be distinguished: (1) The Gran Chaco\* of the West, only partially explored, but considered to be an immense fertile plain with dense forests; (2) the North-Eastern Plateau of low, average height, and well wooded; and (3) the southern alluvial plains. The climate is hot and dry, and the greatest percentage of rain falls in the summer months. Excellent grazing land is abundant, and cattle-raising is important. The growing of yerba maté or Paraguay tea is fast becoming an important industry. Sugar, tobacco, manioc (tapioca), beans, and maize are grown in large quantities on the fertile lowlands. Fruit-growing, especially of oranges, is increasing. The immense forests contain valuable timber of hard and soft varieties, and rubber is also produced. Medicinal plants grow spontaneously. The mineral resources are imperfectly known, but Paraguay has no gold, silver, or copper mines. Iron is found in the south, marble in the north, and gold near San Miguel. Manufactures are represented by distilleries, wood yards, sugar factories, carpenters' shops, and brick kilns. Roads are mere bullock tracks, and transport is difficult and costly. A through train service from Asuncion to Buenos Aires (985 miles) is in operation. River traffic is mainly on the Paraguay. The chief exports are hides, timber, yerba maté, tobacco, meat, quebracho extract (the wood of the quebracho colorado contains 25 per cent. of tanning substances), and oranges.

The imports are mainly textiles, foodstuffs, and machinery. Most trade is with the United Kingdom, Germany, Argentina, and Brazil. The exports to European countries pass through Brazil and Argentina.

Asuncion (80,000) is the capital and chief trading centre. It stands at the junction of the Pilcomayo and Paraguay, and is connected by rail with Villa Rica, the second town of the republic. Steam vessels ply between the River Plate ports and Asuncion.

*Villa Real, Villa Concepcion, and Villa del Pilar* are towns of smaller importance.

Paraguay still suffers from the effects of the war of 1865 to 1870, and of the frequent revolutions which took place before 1912. Its natural advantages are many, but a larger population is necessary for the full development of the country's resources. Women form the greater proportion of the population, and immigration is small, though encouraged.

Mails are despatched to Paraguay once a week via either Liverpool or Southampton. The time of transit is about 23 days.

For map, see AMERICA, SOUTH.

**PARAGUAY TEA.**—(See MATÉ.)

**PARASANG.**—(See FOREIGN WEIGHTS AND MEASURES—PERSTA.)

**PARCEL.**—A term applied to each separate lot or shipment of goods.

**PARCEL ADDRESSING MACHINES.**—A considerable saving of time can be effected, particularly in those firms which send out a large number of parcels and cases, by the use of an addressing machine. In the case of regular customers, if the parcels are small, the gummed label, tab, or wrapper can be printed by one of the useful machines now on the market (see ADDRESSING MACHINES). For the marking of cases, crates, bales and large parcels, however, a larger and bolder type than that used by these machines is necessary. In these cases the

Diagraph machine is very efficient. A stencil is made by punching out the letters from a flexible oilboard in a hand-machine about the size of a typewriter. The smallest machine will cut six-line stencils of any length on oilboard  $6\frac{1}{2}$  in. deep, and the cutting of the names and addresses can be performed by a junior almost as quickly as on a typewriter. The employment of this method of addressing has many advantages, for the alignment is always perfect, curved surfaces present no difficulty, and the stencils can be filed away and used when required.

**PARCEL POST.**—(See POST OFFICE.)

**PARCEL-SEALING MACHINES.**—In the tying-up of small parcels the use of string can often be dispensed with by using a sealing machine. A reel of stout gummed paper of any width or colour is held on a spindle, and the end passed over a damping roller and cut the required length. Parcels so secured have a much neater appearance than when string is used, and the packing expenses are considerably reduced.

**PARCHMENT.**—A word derived from Pergamum, where this particular species of writing material was first prepared about 190 B.C. As parchment is obtained from animals' skins, it is much more durable than paper, and is, therefore, preferred in the drawing up of important deeds, charters, etc. The skins of sheep and goats are commonly used, but the fine variety known as vellum is prepared from the skins of young calves, kids, or lambs. Pigskin is employed in bookbinding, and asses' skins are used in the manufacture of drums. The skins, after being unhaird, are dipped in lime, and then stretched over a frame, where they are scraped with a knife, and rubbed with pulverised chalk and pumice stone. In this way the substance is rendered soft and smooth.

Parchment paper or vegetable parchment is prepared by dipping unsized paper in diluted sulphuric acid and washing with weak ammonia. This process, which was invented about the middle of the nineteenth century, renders the paper very tough, and makes it valuable as a substitute for true parchment for architects' purposes, etc.

**PARENT AND CHILD.**—The relationship of parent and child will be considered in the present article only so far as the same can be considered to have any bearing upon the general scope of this work.

A child, from its birth until it attains the age of twenty-one years, whether it is a male or a female, remains an infant in the eyes of the law, and although, as will be seen afterwards, the parent does not possess complete control over the infant until that age is attained, there are certain respects in which parental authority can be exercised, and there are certain positive duties imposed upon the parent which cannot be neglected.

One of the earliest duties is the registration of the birth of the child. This has been dealt with under BIRTHS AND DEATHS, REGISTRATION OF, and requires no further notice here. Similarly, if an infant dies, the parent is *primâ facie* responsible for the registration of the death if the infant dies under the parental roof.

As to legitimacy, every child born in lawful wedlock is presumed to be legitimate. This presumption is liable to be rebutted, if the circumstances are such that it is shown to be impossible for the husband, owing to natural causes, to be the father of the child. But if there is any dispute as to legitimacy, the burden of proof is always upon the

person who disputes it. Since 1858 it has always been possible for a suit to be brought in the Probate, Divorce, and Admiralty Division of the High Court, when the legitimacy of any person is in question, to obtain a declaration of the court as to the matter. This, of course, may be of importance when succession to an estate is involved. For although in many countries children who have been born before the marriage of their parents are legitimated by the fact of the subsequent marriage—*legitimatio per subsequens matrimonium*—the English law has set its face steadfastly against any such doctrine. In the case of real property, a child not born in lawful wedlock, no matter what is the country of birth and whether legitimation by a subsequent marriage is recognised in that country or not, cannot succeed to the same upon an intestacy, although there is, of course, no bar to its succession if realty is devised by will. The rule is less strict in the case of personal property. If a child is legitimate by the law of the country of its domicile, it has the same right to succeed to personal property in England as if it had been born in lawful wedlock. It may be mentioned that this legitimation by subsequent marriage has force in Scotland, the Isle of Man, Jersey, Guernsey, and in various other parts of the British Dominions.

The surname of a child born in lawful wedlock is that of the father, and the surname of an illegitimate child that of the mother. This is the general rule, and the name remains until it is altered. The manner in which this can be effected is stated in the article CHANGING OF NAME.

As already mentioned, legal infancy lasts until the attainment of the full age of twenty-one. This takes place on the last day of the twenty-first year, not on the twenty-first anniversary of the birth. And since the law refuses to notice a fraction of a day, a person may for all legal purposes be of age and perform all acts which can only be done by a person *sui juris* (*qv*) nearly forty-eight hours before he has been actually alive for twenty-one years. Thus, suppose a person was born a few minutes before midnight on August 31st, 1901. He completes his twenty-first year on August 30th, 1922, and his majority is attained, for all legal purposes, immediately after midnight on Aug. 29th, 1922.

By the common law, a father was always entitled to the custody of his infant children, and it is only by legislative enactments that the mother has obtained any custodian rights at all. This control, however, only lasts until the attainment of years of discretion by the infant, when he is able to exercise a rational choice as to his place of abode, and does not continue until the age of majority, as is often popularly supposed. It is impossible to lay down any hard and fast rule as to what the age is, but approximately it may be fixed at fifteen or sixteen. In one respect, however, control may be retained, and that is with respect to marriage. But even this cannot be effected without extreme vigilance on the part of a parent. For if two young persons under age are actually married before a parent steps in to prevent the ceremony, the marriage is perfectly legal. (See HUSBAND AND WIFE.)

The absolute rule of the common law as to the custody of a child has been largely modified by the various Divorce Acts, the Infants' Custody Acts of 1837 and 1873, and the Guardianship of Infants' Act, 1886. Apart from these Acts, however, if the

father and the mother are living apart, and even though an arrangement has been made between them as to the custody of the children of the marriage, such arrangement will be set aside if either parent is able to satisfy the court that it is not for the benefit of the child or children that the custody should be retained by the parent who has it. But it will require a strong case to set aside any arrangement which has been entered into, and the court will have to be satisfied that the conduct of the parent whose custody is called in question is such as to prove harmful to the infant. The whole point to be considered is the welfare of the child or children, and the court will be influenced by this circumstance rather than by the nature of the disagreements and quarrels of the parents. For the purpose of arriving at a proper decision, the court will, if necessary, examine the children themselves. And when the custody is given to one of the parents, an order may be made that the other parent shall be permitted to have access at certain specified times. Where a child is very young, the custody may be given to the mother for a time, even when she is a person in fault, unless her conduct is of a particularly bad character. Where both parents are obviously unfit to have the charge of the child or children, the court may remove them altogether and give the custody to some third person. The question of the custody of the children of a marriage is one of very great importance after a divorce has been granted. Generally speaking, however, the innocent party will be accorded the right of custody. But no absolute rule can be laid down. Each case must depend upon its own particular circumstances.

Just as the common law gave the father the right of custody, so he has the unrestricted right to have his children brought up in the religion which he chooses. And it would appear that he cannot deprive himself of this right, unless he utterly disregards his duty by bringing them up without any faith at all, or by allowing them to be brought up in some religious belief until they have attained years of discretion and then attempts to change their faith. In arriving at a decision upon so delicate a point as this, the court will exercise its discretion after a full and careful examination of all the circumstances of the case, and also after making its own inquiries—of the children themselves even, if it thinks such a course necessary.

A parent has the right to chastise his or her children, but such chastisement must be of a moderate character. Any excess may be punishable as cruelty, and the penalty which can be inflicted is either a fine or imprisonment. In arriving at an estimate as to what is moderate chastisement and what is excessive, the whole circumstances of the case must be taken into consideration, and no rule can be laid down as to the same. Legally, it may be noticed that a parent has no greater right of chastisement than a schoolmaster or a schoolmistress. In recent years the welfare of children has been carefully looked after by the Legislature. In the year 1904 an Act was passed, entitled the Prevention of Cruelty to Children Act, by which the powers of parents over their children, and of other persons having children under their charge, are greatly restricted in cases of cruel and oppressive treatment. The Act is somewhat lengthy and minute. It may, however, be pointed out that it is now impossible for parents to allow their children under the age of sixteen to take part in exhibitions of a dangerous character.

that no child under the age of ten can be employed on the stage of a theatre, and that a magistrate's order must be obtained for such employment after that age has been attained so long as the child is under fourteen. This Act of 1901 has been supplemented by another Act, passed in 1908, known as the Children's Charter, by which the interests of children are guarded by a most drastic code. This Act is too long to give here, and it must be referred to for full information.

The law does not impose any positive duty upon a parent as to the protection of his children, except in so far as the Acts mentioned in the last paragraph set out the same. But the protection from danger or hurt threatened by another person is a natural instinct which the law will recognise, if carried out with moderation. Thus, a man may always defend himself against an aggressor, and may use such force as is necessary to repel an assailant. In certain cases, even homicide will be held to be justifiable. And the amount of self-protection which a parent is permitted to exercise in his or her own account may be equally allowable in protecting his or her children. But for what are popularly known as wrongs, a parent is not permitted to take the law into his own hands in a summary fashion. If a wrong has been done at a time when the parent is not at hand to afford protection to his child, the only course is to proceed in a proper legal fashion and seek redress through the ordinary courts. This is particularly illustrated in the case of seduction. If a man were to see his daughter having a wrong done to her, he might be legally entitled to go to any extreme for the protection of her honour, as he would be equally entitled to do in defence of the honour of his wife. But after the wrong has been done, he will find his rights of redress very small. He may or may not succeed in an action for seduction according to circumstances which need not be detailed here. But the daughter herself has no redress for the particular wrong itself, whatever other consequences may ensue.

Again, as to education, this is a duty which is only indirectly enforceable. Before the era of compulsory education, a parent was under no obligation to provide tuition for his children. And now it is for the educational authorities to put the machinery of the law in motion and compel a parent to take care that his children between the ages of five and fourteen are taught elementary subjects of instruction. Disobedience may entail penalties of a varying character. It is not, however, necessary that the education should be given at any particular place or school. The law is complied with if the children receive "current elementary education in reading, writing, and arithmetic" to the satisfaction of the local education authority whose decision is subject to appeal to the Board of Education.

The maintenance of children, although one might suppose it to be a matter of paramount importance, is not the result of any direct duty imposed by the law upon the father or the mother. It has been stated judicially that "no person is obliged to provide maintenance for his issue unless where the children are impotent and unable to work." Of course, in a child's early years it is obviously unable to work and must be supported. The inability in more advanced years refers to some cause which is personal to the child. Thus, a parent is not necessarily compelled to support a

son or a daughter of the age, say, of seventeen simply because he or she is unable to procure employment. But if such a child is incapable of doing work, whether temporarily or permanently, or is a lunatic or a person of unsound mind, the parent must support the child in certain cases, irrespective of the age of the child. And, even then, it is only the poor law guardians who can move in the matter if the parent fails in what must be considered a natural duty. The child must become chargeable to the parish, and then proceedings may be taken. Even when things have arrived at this pass, the extreme poverty of the parent will be a good excuse for an exemption from the duty of maintenance being granted, and as far as the sum to be demanded is concerned, that is fixed by the amount which is required for the actual support of the child, and does not depend upon the financial position of the parent. This is the general law upon the subject of the maintenance of children, but, by the Children Act, 1908, it is now a criminal offence for any person over the age of sixteen, who has the charge of a child under sixteen, to neglect to provide such child with adequate food, clothing, medical attendance, or lodging, if such neglect is of a character likely to endanger the health of the child. The obligation as to maintenance is the same on the part of grandparents as of parents if the latter are dead or unable to maintain their children. By statute a man is compelled to support his stepchildren just the same as his children, up to the age of sixteen.

After a divorce has been granted, the whole question of maintenance is settled by the court, and it may order that such maintenance shall be continued up to the age of twenty-one. There is no power to extend this period.

The word "parent" has been used several times above, but the mother was not included in that term until after the passing of the Married Women's Property Act, 1882. By the common law, she was not compelled to support her legitimate children, though she was compelled to support any illegitimate children she had, so long as her husband was alive. The primary liability of the husband still remains, but since the passing of the Act just named, a married woman, if she is possessed of separate estate, is now liable to support her proper husband and also her indigent children and grandchildren.

Just as parents are compelled, as shown above, to support their indigent children, children are, in cases of necessity, similarly bound to support their parents. But as an exception to the corresponding liabilities of children and parents, although a grandparent may be compelled to support a grandchild, a grandchild is not compelled to support a grandparent. This was judicially decided in 1882. The procedure is similar in both cases. The parents who are in need must become dependent upon the parish for relief, and the poor law guardians will set the machinery of the law in motion. No order will be made by the justices before whom the case is brought if it is shown that the means of the child are not more than sufficient to support himself, or his wife and family, if he is married. In any case, he cannot legally be compelled to supply more than necessities, however ample his means may be. Though formerly exempt, a married woman is now compelled, by an Act passed in 1908, to support her indigent parents, if she is possessed

of separate estate, just as though she were a *feme sole* (*q v*). The claim for maintenance only applies as between ascendants and descendants. A man cannot be compelled to support his wife's mother, or a son's wife or widow, or a brother or sister.

It has been pointed out above that a child is free from parental control on arriving at years of discretion, and he is consequently able to choose his own trade or business without consulting his parents. As he is, practically, his own master, he can dispose of any of his earnings as he chooses. His parents have no legal right to lay claim to any of them. In fact, there is no legal right on the part of the parent to any property of his children whilst they are alive. This is the general rule. One exception, however, may be noticed. If a child is entitled to considerable property on attaining his majority, and the parents are not in affluent circumstances, the court may allow certain payments to be made in advance out of the prospective estate to enable the child to be educated and maintained in such a manner as is desirable in view of his future pecuniary position. Everything will depend upon the special circumstances of each case, and the court will have to be well satisfied as to the real necessity of the matter before it will move to relieve the parents of their primary responsibility.

By the common law, and also to a greater extent by the Infants' Relief Act, 1874, no person under the age of twenty-one can render himself or herself personally liable upon any contract entered into by him or her, except for necessities, this term denoting all such things as are suitable and requisite to the position of the infant. And, even then, there is no liability if the infant is already well supplied with such necessities. The Act of 1874 forbade the ratification of any contract entered into by an infant after the attainment of his majority. A tradesman who supplies an infant acts at his own risk. He can never sue the father or the mother, unless there are circumstances which preclude the parents from denying their liability. It will have been noticed that this statement as to the position of the infant has been confined to his own personal liability. There is nothing to prevent him from acting as agent and so rendering his principal liable if the ordinary rules of agency apply. In respect of torts committed by a child, a parent is just as free from liability as he is in cases of contract. But this statement must be taken with certain qualifications. If the parent has authorised the commission of the tort, or has ratified it, or if the child is in the employment of his parent and the tort has been committed in the course of that employment, the parent cannot escape liability by throwing the blame upon the child.

No child under the age of seven can be convicted of a criminal offence. Between the ages of seven and fourteen his criminal responsibility depends somewhat upon circumstances, and upon the nature of the crime. After the age of fourteen he enjoys no privilege at all. It is almost unnecessary to state that a parent is not responsible for his child's crime. By an Act passed in 1901, it is provided that where a child (under the age of twelve) or a young person (under the age of sixteen) is charged with any offence for the commission of which a fine, damages, or costs may be imposed upon him by a court of summary jurisdiction, and there is reason to believe that his parent or guardian has condoned to the commission of the

alleged offence by wilful default or by habitually neglecting to exercise due care of him, the court may, on information, issue a summons against the parent or guardian of the child or young person charging him with so contributing to the commission of the offence, and order that the fine, damages, or costs shall be paid by the parent or guardians instead of by the child or the young person. The parent or guardian may also be required to give security for the future good behaviour of the offender.

The right of custody which the father enjoyed at common law did not terminate with his death. He could deprive the mother, after his death, of the custody of the children by appointing guardians and excluding her altogether. This common law rule was altered by the Guardianship of Infants Act, 1886. Now a mother, if she survives her husband, is always the guardian of her infant children, either alone or in conjunction with some other guardian or guardians appointed by the deceased father. If the father has appointed no guardian, or if the guardian or guardians appointed refuse to act, the court may step in and appoint one or more of its own accord. The Act further provides that the mother may by deed or will appoint guardians for her children after the death of herself and her husband, and where guardians are appointed by both parents they are to act jointly. She may also make an appointment of a guardian or guardians to act jointly with her husband after her death, and the court will confirm such appointment if it appears that the father is a person unfit to act as sole guardian.

When the rights of a parent or of a properly appointed guardian as to the custody of a child are mingled, two courses are open to the person aggrieved: (1) A writ of *habeas corpus*, calling upon the person detaining the child to produce it, when the court will decide as to its custody; (2) an application to the Court of Chancery by a writ of *habeas corpus* or by petition. But no order will be made changing the custody of the child if it is shown that the applicant is unfit, by reason of his moral character, to have charge of it, and when it is the legal guardian who makes the application, such application will be refused, even though there is no misconduct on the part of the guardian, if it is clearly proved that it is not for the benefit of the child that a change of custody should be made. Moreover, by the Custody of Children Act, 1891, a writ of *habeas corpus* will be refused if the court is of opinion that the parent has deserted the child, or otherwise so misconducted himself as to show that he is not a proper person to have control of it, and even when an order is made restoring the custody to the parent, and it is shown that another person or body has been put to expense in maintaining the child, the order for restoration will only be made on condition that the whole of the costs properly incurred in such maintenance are paid by the applicant.

An infant cannot make a will. (See Will.) This is the general rule, the exceptions being noted in the article referred to. If, therefore, an infant dies possessed of property, the law settles the devolution of the same, and this depends upon the Statutes of Distribution (*q v*).

**PAR INTERVENTION.**—The French form of our term *subro protest* (*q v*).

**PARI PASSU.**—The nearest English equivalent of this Latin phrase is 'by an equal step.' Things

are said to be progressing *pari passu* when they are proceeding at the same rate. When used in connection with the position occupied by different creditors, it means they are to rank equally.

**PARISH COUNCIL.**—(See LOCAL GOVERNMENT.)

**PARISH REGISTERS.**—There are in law two classes of parish documents: (1) Registers of baptisms, marriages, and burials, and any documents or books, not directed to be kept with the public books, writings, and papers of the parish, which relate wholly or in part to the affairs of the church or to ecclesiastical charities; (2) all other public books, writings, and papers of the parish, and all documents directed by law to be kept therewith. The documents in class (2) are subject to the control of the parish council, and it is the duty of the county council from time to time to inquire into the manner in which such documents are kept, with a view to the proper preservation thereof, and to make such orders as they think necessary for such preservation.

The documents in class (1) more properly come within the scope of this article, and, as to the registers of baptisms and burials, must be kept by the rector or other minister of the parish in a dry, well-painted, non-chalk, to be provided and repaired as occasion may require at the expense of the parish, and this must be constantly kept locked in some dry, safe, and secure place in the residence of the minister or in the parish church. The register of marriages must be kept in duplicate, and one copy must be put by the minister with the other registers. The entries in the registers must be made in a prescribed form, and by the officiating minister, as soon as possible after the solemnisation of the particular ceremony, and be signed by him, and, in the case of marriages, by the contracting parties and two witnesses. When the duplicate marriage register book is full, it must be sent to the superintendent registrar of the district. Within two months of the expiration of each year the minister must send a verified copy of the other register books to the registrars of the diocese, and must every quarter send to the superintendent registrar true copies of all marriage entries.

A minister must allow searches to be made in the registers, on payment of 1s. for every search over a period of not more than one year, with a further 6d. for every additional year, and must give certified copies of entries for a fee of 2s. 6d. for each certificate.

The civil registration of births, marriages, and deaths is separately provided for.

Anyone who unlawfully destroys, defaces, or injures a register, or part of one, or causes or permits anyone to do so, or forges or fraudulently alters any entry, or inserts, or causes or permits the insertion of a false entry, or who does certain other improper things with regard to a register, is guilty of felony, and may be punished with penal servitude for life or for not less than three years, or with imprisonment for a term not exceeding two years, with or without hard labour.

An entry in a parish register is evidence of the fact recorded, provided the entry was made promptly and by the proper person, and a register is admissible in evidence to prove a fact stated therein on its being produced in court by or on behalf of the person entrusted by law with its custody. Any copy or extract therefrom, which is either proved to be an examined copy or extract, or purports to be signed by the person having lawful custody of

the original, is admissible as proof of the contents of the register.

A register of baptism proves the fact of baptism, the date thereof, the Christian name of the child, and the names of the parents. A register of marriage proves the fact and date of the marriage, and the names of the parties married. A register of burials proves the fact and date of burial, and the name, address, and age of the person buried.

**PARITY PRICES.**—When the same stock is dealt in on markets in different countries, as, for example, in New York and London, owing to the difference in time one market closes after the other, it may easily occur that the level of prices at the close of the one market may be different from the level of prices obtaining at the close of the other market some hours previously. Thus, indeed, frequently happens in the case of American stocks and shares, and it may easily occur that the closing prices in New York a few hours after the closing of the London Stock Exchange may be a dollar or two more or less than the London prices. On the resumption of business next morning on the London Stock Exchange, some hours before the American Stock Exchanges commence business, prices will probably at once adjust themselves to the previous night's closing prices in New York, which would be known as "parity." For instance, one might read in the paper that "Prices of American securities rose to New York parity."

**PAR OF EXCHANGE.**—This expression denotes a state of the foreign exchange between one country and another when the demand for and the supply of bills exactly balance. It is a theoretical phrase only, because no one knows, as between any two nations, when the claims they each have upon the other are equal. Distinguish from *MINI PAR OF EXCHANGE* (*qv*).

**PARQUET.**—The sixty official brokers or *Agents de Change* on the Paris Bourse. In the centre of the Bourse there is a small enclosure called the "parquet," which is reserved for the official brokers to carry on their business.

**PARSLEY.**—The useful pot herb grown nearly all over Europe, and extensively used by cooks for flavoured and decorative purposes.

**PARSNIP.**—The well-known plant cultivated throughout Europe and in North Asia for the sake of its nutritious root. The latter is mainly used as a vegetable, but a spirit resembling potato spirit and a wine may also be manufactured from it.

**PARTIAL INDORSEMENT.**—(See INDORSEMENT.)

**PARTICULAR AVERAGE.**—(See AVERAGE.)

**PARTICULARS.**—These are, in law, the special statements set out in the pleadings (*qv*) in an action upon which either the plaintiff or the defendant takes in regard to his own case. Each party may be compelled to give these particulars, and when once given he will be bound by them. The object of particulars is to limit the field of inquiry as far as possible.

**PARTICULARS AS TO DIRECTORS.**—One of the Acts supplementary to the Companies (Consolidation) Act, 1908, is the Companies (Particulars as to Directors) Act, 1917, which extends to limited liability companies the provisions of the Registration of Business Names Act, 1916. A company, in its particulars as to directors filed under Sect. 26 of the Companies (Consolidation) Act, 1908, must now include particulars similar to those required to be filed by sole traders or partners under the Registration of Business Names

Act, 1916. (See BUSINESS NAMES, REGISTRATION OF.) Similarly, a foreign company carrying on business in this country must give like particulars in its returns required under Sect. 274 of the principal Act. The register of directors (Sect. 75, Act of 1908), must give particulars of directors. The particulars are (1) full names, (2) nationality, and (3) if naturalised, the country of origin of each director (Sect. 1).

Particulars are to be registered within one month after registration of the company, and every company registered since the 22nd November, 1916, must disclose similar particulars on all trade catalogues, circulars, show-cards, and business letters as if the directors were partners in the business. The Board of Trade may grant complete or conditional exemption from the latter condition (Sect. 2).

For the purposes of the Act and also under Sect. 26 of the Consolidation Act, a "director" includes any person who occupies the position of director and any person in accordance with whose directions or instructions the directors of a company are accustomed to act (Sect. 3). (See also COMPANIES.)

**PARTIES TO BILL OF EXCHANGE.** The parties to a bill of exchange are the drawer, the acceptor (called the drawee before he accepts it), the payee (who is often the same person as the drawer), and the indorsers. The parties may be either "immediate" or "remote." They are "immediate parties" when they are immediately connected with each other as the drawer and the acceptor, the drawer and the payee, and the indorser and the indorsee immediately in front of him. They are "remote parties" when they are not closely related to each other, as the acceptor and an indorsee.

With regard to the capacity and authority of parties to a bill, the Bill of Exchange Act, 1882, provides—

"Section 22 (1) Capacity to incur liability as a party to a bill is co-extensive with capacity to contract—

"Provided that nothing in this Section shall enable a corporation to make itself liable as a drawer, acceptor, or indorser of a bill, unless it is competent to it so to do under the law for the time being in force relating to corporations.

"(2) Where a bill is drawn or indorsed by an infant, minor, or corporation having no capacity or power to incur liability on a bill, the drawing or indorsement entitles the holder to receive payment of the bill, and to enforce it against any other party thereto.

"Section 23 No person is liable as drawer, indorser, or acceptor of a bill who has not signed it as such: Provided that—

"(1) Where a person signs a bill in a trade or assumed name, he is liable thereon, as if he had signed it in his own name.

"(2) The signature of the name of a firm is equivalent to the signature by the person so signing of the names of all persons liable as partners in the firm."

(See BILLS OF EXCHANGE, CAPACITY OF PARTIES TO BILL OF EXCHANGE.)

**PARTITION.**—This is the name generally applied to the dividing up of an estate which is held by several persons jointly, so that each of them may

be enabled to deal with his share by sale or otherwise.

**PARTNERS (PARTNERSHIP).**—The word "partnership" is often used, somewhat inaccurately, to describe the association of persons with a joint interest, just as the word "partners" is employed to denote those who combine to promote some common purpose, thus, we speak of partners in dances or in games, or of the partnership of husband and wife, but in commercial matters, and in law, the words have a more limited and a clearly defined meaning, and it is in suchwise that they are used in the following observations. A partnership, then, is the relation which subsists between persons carrying on any kind of trade, occupation, or profession in common with a view of profit, and such persons are properly described as partners. The members of a partnership are called, collectively, a "firm," and the name under which they carry on the business is called the "firm name." It should be observed, however, that joint stock companies (see COMPANIES) and corporations (*qv*) are not partnerships, and that their shareholders and members are not partners (see *infra*).

**Kinds of Partners.** Partners are sometimes distinguished as being active, sleeping or dormant, or nominal. An active partner is one who takes a personal and a publicly apparent interest in the business, a sleeping or dormant partner is one whose name does not appear to the world, and who personally takes no active part in the business, but who shares in the profits, and who may, possibly, supply funds for the use of the business, and be an advisory or controlling influence behind the scenes. A nominal partner is one who lends his name to the business without having any real interest in it. These last are sometimes known as partners by estoppel, which means that as by their conduct they have held themselves out to be partners, they cannot be allowed to deny their liability as such, if such denial would prejudice the rights of persons who have dealt with the firm on the faith of such representation.

Everyone who by words, spoken or written, or by conduct, represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm, is liable as a partner to any one who has on the faith of any such representation given credit to the firm, whether the representation has or has not been made, or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made. It must be remembered, however, in this connection that where, after a partner's death the partnership business is continued in the old firm name, the continued use of that name, or of the deceased partner's name as part thereof, does not of itself make the executors or administrators, or the estate or effects, of the deceased partner liable for any partnership debts contracted after his death. Subject to the above observations, it may be taken that whether partners be active, sleeping, or nominal, they are alike liable to third parties having dealings with the firm.

By the Limited Partnerships Act, 1907, there is a further division into "general" and "limited" partners, the former corresponding to the active partners, and the latter to the sleeping or nominal partners, but with a special provision as to liability. (See LIMITED PARTNERSHIPS.)

The law relating to partnership is mainly contained in the Partnerships Act, 1890, which for

practical purposes may be regarded as codifying the law on the subject up to that date, but that Act, however, puts outside the law of partnership, as declared thereby, the relation between members of any company or association which is registered as a company under the Companies Acts, or is formed or incorporated by or in pursuance of any other Act of Parliament, or Letters Patent or Royal Charter. Certain mining associations in Cornwall and Devonshire were also excluded.

A partnership may consist of any number of persons between two and twenty, if more persons combine with the object of carrying on a business for profit, they must be registered as a company or be incorporated, or the combination will be illegal. In banking businesses there must not be more than ten partners. (See BANK, PRIVATE COMPANIES.)

**Who is a Partner?** It used to be said that the test of whether a person was a partner in a firm was to ascertain whether he shared in the profits, but now it has been declared that the true test is not participation in profits, but whether the person in question had authorised or allowed the business to be carried on by persons acting as his agents (*Cox v. Hickman*, 1860, 8 H.L. 312), and this rule has been embodied in the Partnership Act, which provides, by Section 2, that in determining whether a partnership does or does not exist, regard shall be had to the following rules—

"(1) Joint tenancy, tenancy in common, joint property, common property, or part ownership does not of itself create a partnership as to anything so held or owned, whether the tenants or owners do or do not share any profits made by the use thereof.

"(2) The sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived.

"(3) The receipt by a person of a share of the profits of a business is *prima facie* evidence that he is a partner in the business, but the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make him a partner in the business, and in particular—

"(a) The receipt by a person of a debt for other liquidated amount by instalments or otherwise out of the accruing profits of a business does not of itself make him a partner in the business or liable as such;

"(b) A contract for the remuneration of a servant or agent of a person engaged in a business, by a share of the profits of the business, does not of itself make the servant or agent a partner in the business or liable as such;

"(c) A person being the widow or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such;

"(d) The advance of money by way of loan to a person engaged or about to engage in any business on a contract with that person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on

the business, does not of itself make the lender a partner with the person or persons carrying on the business or liable as such. Provided that the contract is in writing, and signed by or on behalf of all the parties thereto;

"(e) A person receiving by way of annuity or otherwise a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not by reason only of such receipt a partner in the business or liable as such."

In the event of any person to whom money has been advanced by way of loan upon such a contract as is mentioned in (d), or of any buyer of a goodwill in consideration of a share of the profits of the business (see (e)), being adjudged a bankrupt, entering into an agreement to pay his creditors less than 20s. in the £, or dying in insolvent circumstances, the lender of the money will not be entitled to recover anything in respect of his loan, and the seller of the goodwill will not be entitled to recover anything in respect of the share of profits contracted for, until the claims of the other creditors of the borrower, or the buyer for valuable consideration in money or money's worth, have been satisfied. A lender, however, will not be deprived of the benefit of any security he may hold for his loan (*h.v. parte Shiel*, 1877, 4 Ch. D. 789). It will be seen that persons who share in profits may not be partners as regards liability to the world outside the partnership, and, on the other hand, that persons who do not share profits may be rendered liable as partners on account of "holding out," as to which see *supra*.

**Formation of Partnership.** An agreement to enter into partnership is a contract, and is, therefore, subject to all the ordinary rules of law regulating the formation of contracts (*q.v.*). It may be made by word of mouth, in writing, by deed, or by implication from conduct, etc. (see *supra*). As between the partners, an infant (*q.v.*) may be a partner, but as regards third parties the adult members of the firm will alone be liable on the partnership contracts, and, if bankruptcy proceedings are taken against the firm, the infant partner will be excluded from the proceedings, but the whole of the partnership assets will be available for the debts of the partnership (*Lowell v. Beauchamp*, 1891, A.C. 607). If an alien (*q.v.*) is a partner, the partnership will be dissolved if war breaks out between this country and the country of which he is a subject.

In practice, a partnership agreement is generally put into writing, a document, which is styled the "Articles of Partnership," being drawn up, in which is embodied the various conditions and matters which the partners agree shall regulate their relationship to each other, and the internal management and concerns of the firm. The Articles do not, of course, bind third parties who may have dealings with the firm in ignorance of the particular stipulations. Among other things, the Articles will generally contain provisions as to (1) the nature of the business to be carried on, (2) the firm name; (3) the place or places of business, (4) the commencement and duration of the partnership; (5) the capital of the firm and how it is to be provided; (6) the sharing of profits and losses; (7) the rights of the partners as to periodical drawings on account of their shares in the profits; (8) the duties of the partners as to the management of the business; (9) the keeping of accounts, when accounts are to

be made up, and profits and losses ascertained, (10) the hire and dismissal of servants, etc., (11) the expulsion of a partner in prescribed events, (12) the dealing with the share of a deceased partner, (13) the winding-up of the business on dissolution, (14) the settlement of disputes between the partners by arbitration (*q.v.*), and any other matters or contingencies that the nature of the business and of the partnership may make it desirable to provide for. Prudent people will invariably call in and skilled legal advice in settling Articles. Articles of partnership may be altered at any time by the consent of all the partners.

If no time is fixed for the duration of the partnership, it is called a partnership at will, and may be put an end to at any time by any partner. Should a time be fixed and be exceeded, the partnership becomes one at will, subject to such of the terms of the original partnership as may be applicable to such a partnership. A partner desiring to terminate a partnership at will must give notice of his intention so to do to all the other partners. If the partnership was originally constituted by deed, a notice in writing, signed by the partner giving it, will be sufficient for this purpose. The partnership will be dissolved as from the date mentioned in the notice, or, if none is mentioned, as from the date of the notice being communicated to the other partners, and from that time the partnership will only exist for the purpose of winding-up its affairs.

By Section 27 of the Partnership Act, 1890, it is provided that (1) where a partnership, entered into for a fixed term is continued after the term has expired, and without any express new agreement, the rights and duties of the partners remain the same as they were at the expiration of the term, so far as is consistent with the incidents of a partnership at will, (2) a continuance of the business by the partners, or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is presumed to be a continuance of the partnership.

After the formation of a partnership, a new partner cannot be admitted except with the consent of all the old partners, and, unless the Articles provide to the contrary, a partner cannot be expelled. The remedy of a partner wrongfully expelled is to claim reinstatement as a partner, he cannot sue for damages.

It is generally a condition of the admission of a new partner into a well-established and successful business that he should pay a "premium," over and above his contribution to the capital of the firm, as the price of the interest which he acquires in the partnership business, and where this has been done on entering into a partnership for a fixed term, and the partnership is dissolved before the expiration of that term, otherwise than by the death of a partner, the court may order the repayment of the premium, or of such part thereof as it thinks just, having regard to the terms of the partnership contract and to the length of time during which the partnership has continued. But no such order will be made where the court is of opinion that the dissolution is wholly or chiefly due to the misconduct of the partner who paid the premium, or the partnership has been dissolved by an agreement containing no provision for a return of any part of the premium.

**Relation of the Partners to One Another.** These are generally provided for by the Articles, but in

so far as no provision is thereby made, the following rules will apply, in addition to those already noted:

(1) All the partners are entitled to share equally in the capital and profits of the business, and must contribute equally towards the losses, whether of capital or otherwise, sustained by the firm.

(2) The firm must indemnify every partner in respect of payments made and personal liabilities incurred by him in the ordinary and proper conduct of the business of the firm, or in or about anything necessarily done for the preservation of the business or property of the firm.

(3) A partner making, for the purpose of the partnership, any actual payment or advance beyond the amount of capital which he has agreed to subscribe, is entitled to interest at the rate of 5 per cent. per annum from the date of the payment or advance.

(4) A partner is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him.

(5) Every partner may take part in the management of the partnership business.

(6) No partner shall be entitled to remuneration for acting in the partnership business.

(7) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners, but no change may be made in the nature of the partnership business without the consent of all existing partners.

(8) The partnership books are to be kept at the place of business of the partnership (or the principal place, if there is more than one), and every partner may, when he thinks fit, have access to and inspect and copy any of them.

(9) Every partner is bound to render true accounts and full information of all things affecting the partnership to any other partner or his legal representatives.

(10) Every partner must account to the firm for any benefit derived by him without the consent of the other partners from any transaction concerning the partnership, or from any use by him of the partnership property, name, or business connection. This provision applies also to transactions undertaken after a partnership has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up, either by any surviving partner or by the representatives of the deceased partner.

(11) If a partner, without the consent of the other partners, carries on any business of the same nature as and competing with that of the firm, he must account for and pay over to the firm all profits made by him in that business.

**Partnership Property.** The property or assets of the partnership comprises all property brought into the business by the partners at its commencement, and all property afterwards acquired by the firm. It must be held and applied exclusively for the purposes of the partnership, but each partner's share in the property is an individual asset, he may assign it either absolutely or by way of mortgage, and on his death the share passes to his representatives and not to the surviving partner or partners. An assignment, however, by any partner of his share in the partnership does not, as against the other partners, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require



any accounts of the partnership transactions, or to inspect the partnership books, but entitles the assignee only to receive the share of profits to which the assigning partner would otherwise be entitled, and the assignee must accept the account of profits agreed to by the partners. In case of a dissolution of the partnership, whether as respects all the partners or as respects the assigning partner, the assignee is entitled to receive the share of the partnership assets to which the assigning partner is entitled between himself and the other partners, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

#### Relation of Partners to Persons Dealing with Them.

Every partner is a general agent (see AGENCY) for the firm and the other partners for the purposes of the partnership business, and as such comes within the ordinary rules of the law of agency. The firm is bound by any act done by a partner which is within the scope of and done in the ordinary course of the partnership business, but for acts which are outside such scope the other partners are not liable unless they ratify what has been done. A partner cannot bind his firm by deed, unless he has been authorised to do so by a deed executed by the other members of the firm, nor can he bind the firm by a guarantee (*q.v.*), or by a submission to arbitration (*q.v.*). Where one partner pledges the credit of the firm for a purpose apparently not connected with the firm's ordinary course of business, the firm is not bound, unless he is in fact specially authorised by the other partners, but this provision does not affect any personal liability incurred by an individual partner.

If it has been agreed between the partners that any restriction shall be placed on the power of any one or more of them to bind the firm, no act done in contravention of the agreement is binding on the firm with respect to persons having notice of the agreement.

Every partner in a firm is liable jointly with the other partners (and in Scotland severally also) for all debts and obligations of the firm incurred while he is a partner, and after his death his estate is also severally liable, in due course of administration (see ADMINISTRATION OF ASSETS), for such debts and obligations, so far as they remain unsatisfied, but subject in England or Ireland to the prior payment of his separate debts.

Where by any wrongful act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his co-partners, loss or injury is caused to any person not being a partner in the firm, or any penalty is incurred, the firm is liable therefor to the same extent as the partner so acting or omitting to act.

Where a partner, acting within the scope of his apparent authority, receives the money or property of a third person and misapplies it, or where a firm in the course of its business receives money or property of a third person, and such money or property is misapplied by one or more of the partners while it is in the custody of the firm, the firm must make good the loss.

Where a person deals with a firm after a change in its constitution, he is entitled to treat all apparent members of the old firm as still being members of the firm until he has notice of the change. An advertisement in the *London Gazette* as to a firm whose principal place of business is in England or Wales will be notice as to persons who

had no dealings with the firm before the date of the dissolution or change so advertised.

The estate of a partner who dies, or who becomes bankrupt, or of a partner who, not having been known to the person dealing with the firm to be a partner, retires from the firm, is not liable for partnership debts contracted after the date of the death, bankruptcy, or retirement respectively.

A person who is admitted as a partner into an existing firm does not thereby become liable to the creditors of the firm for anything done before he became a partner. A partner who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement. A retiring partner may be discharged from any existing liabilities by an arrangement to that effect between himself and the members of the firm as newly constituted and the creditors, and this agreement may be either express or inferred as a fact from the course of dealing between the creditors and the firm as newly constituted.

**Dissolution of Partnership.** The Articles of Partnership, if there are any, will usually contain provisions for the termination of the partnership, but subject to any such agreement between the partners, a partnership is dissolved—

(1) If entered into for a fixed term, by the expiration of that term;

(2) If entered into for a single adventure or undertaking, by the termination of that adventure or undertaking;

(3) If entered into for an undefined time, by any partner giving notice to the other or others of his intention to dissolve the partnership;

(4) By the death or bankruptcy of a partner.

(5) At the option of the other partners, if a partner suffers his share of the partnership property to be charged under the Partnership Act, 1890 (Sec. 23) (see *supra*), for his private debt.

Further, a partnership is always dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on, or for the members of the firm to carry it on in partnership, as, for example, the outbreak of war. Thus, a partnership between a British subject in England and a German subject in Germany, the business being one carried on in England and the continuance of which would have involved intercourse between the parties, was declared dissolved by and at the date of the outbreak of the war between the two countries in 1914 (*Stevenson & Sons v. Aktien-Gesellschaft für Cartonagen-Industrie*, 1917, 1 K.B. 842).

On application by a partner, the court (see *infra*) may order a partnership to be dissolved—

(a) When a partner is found lunatic by inquisition, or in Scotland by cognition, or is shown to the satisfaction of the court to be of permanently unsound mind.

(b) Where a partner, other than the partner suing, becomes in any other way permanently incapable of performing his part of the partnership contract.

(c) When a partner, other than the partner suing, has been guilty of such conduct as, in the opinion of the court, regard being had to the nature of the business, is calculated to prejudicially affect the carrying on of the business.

(d) When a partner, other than the partner suing, wilfully or persistently commits a breach of the partnership agreement, or otherwise so

# This Indenture

made the thirteenth day of September

19... Between James Smith of 395 Slope Street Ipswich in the county of Suffolk of the one part and Thomas Jones of 521 Right Place Colchester in the county of Essex of the other part

Whereas the said James Smith and Thomas Jones have agreed to become partners in the trade or business of coal merchants as hereinafter mentioned for the term and subject to the conditions hereinafter contained

Now this Indenture witnesseth that in pursuance of the said agreement each of the said parties doth hereby covenant with the other as follows:—

- 1 The said James Smith and Thomas Jones shall become and remain partners in the trade or business of Coal Merchants for the term of seven years from the date hereof if both of them shall so long live.
- 2 The business of the partnership shall be carried on under the style or firm of Smith and Jones at 395 Slope Street Ipswich aforesaid or at such other place or places as the partners shall from time to time determine.
- 3 The capital of the partnership shall consist of the sum of £ 5,000 to be brought in by the partners in the following proportions namely the sum of £ 3,000 by the said James Smith and the sum of £ 2,000 by the said Thomas Jones and the partners shall be entitled to the capital of the partnership in the same proportions and each partner shall be entitled to receive interest at the rate of £5 per cent. per annum payable half-yearly from the commencement of the partnership on the amount of capital so brought in by him as aforesaid and shall be entitled to receive interest at the same rate payable half-yearly and to commence from the date of the advance on all sums of money which he may hereafter advance to the capital of the partnership The said capital and the profits arising therefrom (including the premiums to be paid for any apprentice or apprentices to be taken by either of the partners) shall (subject as hereinafter mentioned) be employed in the said business.
- 4 The bankers of the partnership shall be the Eastern Counties Bank Limited or such other bankers as the partners shall agree to appoint and all moneys of the partnership not required for current expenses shall be paid into the bank to the credit and on account of the firm.
- 5 The rent of the partnership premises and all rates taxes payments for insurance cost of repairs and alterations and other outgoings whatsoever in respect of the same and the wages and remuneration of all persons employed in the business and the travelling expenses incurred by the partners in connection with the business and all other outgoings expenses debts liabilities and losses (including any loss of capital) incurred in the course of the business and all interest payable to either partner on any capital now brought in or hereafter to be advanced by him shall be paid and discharged out of the gross receipts and out of the capital of the partnership or in case the same shall be insufficient for the purpose by the partners in the proportions in which they are entitled to share in the net profits of the partnership.
- 6 Each partner shall during the partnership employ himself diligently in the business of the partnership and shall carry on the same to the greatest advantage of the firm.
- 7 Each partner shall be entitled to have four weeks' holiday in each year In the first year of the partnership the said James Smith shall have the first choice of the time or times at which he will take his holiday and in the second year of the partnership the said Thomas Jones shall have the like choice and so on alternately during the continuance of the partnership.
- 8 Neither partner shall during the continuance of the partnership engage either directly or indirectly in any business other than the business of the partnership except with the previous consent in writing of the other partner.
- 9 No clerk traveller shopman apprentice or servant shall be engaged or be employed in the business or be dismissed from the business by either partner without the consent of the other partner.
- 10 Neither partner shall on account of the firm purchase goods or make contracts whereof or whereunder respectively the price or the liability incurred shall exceed the sum of £ 20 without the consent of the other partner and if either partner shall do so the other partner shall have the option of adopting or of repudiating the purchase or the contract on behalf of the firm and if he shall repudiate the same the purchasing or contracting partner shall solely

against all liability thereunder but subject thereto may take the benefit thereof as his separate property.

Neither partner shall lend any of the moneys or deliver upon credit any of the goods of the partnership to any person or persons after he shall have been requested in writing by the other partner not to do so or without the consent of the other partner and except when in the ordinary course of business the contrary shall be unavoidable compound release or discharge any debt or security which shall be owing or belonging to the partnership or draw or accept any bill of exchange or promissory note on account of the firm and if either partner shall do so he shall (as the case may be) forthwith pay to the firm the full amount or value of the money so lent or the goods so delivered or the debt or security so released or discharged or the loss incurred by the firm by reason of such composition or solely bear and discharge and indemnify the firm the partnership property and the other partner against all liability under such bill or note.

Neither partner shall without the consent in writing of the other enter into any bond or become bail surety or security for any person or persons or corporation or subscribe any policy of insurance.

All contracts and engagements entered into by the partners on account of the partnership and all cheques drafts upon bankers bills of exchange promissory notes and other securities receipts and other evidence relating thereto shall be made given and taken respectively in the name of the firm.

The partners shall keep or cause to be kept proper books of account and proper entries shall be made therein of all moneys received and paid and of all the sales purchases contracts engagements transactions and property of the partnership and of all other matters of which accounts or entries ought to be kept or made according to the usual and regular course of the business and the said books of account and all deeds securities bills and papers belonging to the partnership shall be kept at the counting house at 395 Slope Street or at such other place of business of the partnership as the partners shall agree upon and each partner shall have free access at all times to examine and to take copies of the same.

On the 31st day of March in the year 19... and on the 31st day of March in every succeeding year a general account shall be taken by the partners of all the receipts payments sales purchases transactions and engagements of the partnership during the then preceding year and of all the capital stock-in-trade property engagements and liabilities for the time being of the partnership and in taking such account a just valuation shall be made of all particulars requiring and capable of valuation and the said general account shall immediately after the same shall have been taken be written into two books and be signed in each such book by each of the partners and after such signature each partner shall keep one of the said books and shall be bound by every such account except that if any manifest error to the amount of £ 50 or upwards shall be found therein by either partner and signified to the other partner within six calendar months next after the signing thereof by both of them such error shall be rectified.

The partners shall be entitled to the net profits of the said business (after paying all expenses and interest on capital as set out in clauses 3 and 5 hereof) in the following proportions the said James Smith to three fifth parts thereof and the said Thomas Jones to the remaining two fifth parts thereof and the same shall be carried to their credit respectively in the books of the partnership immediately after every such annual account as aforesaid shall have been taken and signed and may be drawn out at pleasure.

The said James Smith shall be at liberty to draw out of the profits of the business for his own use (in anticipation of his share in the net profits) any sum not exceeding the sum of £ 3 per week and the said Thomas Jones shall be at liberty so to draw out of the said profits for his own use any sum not exceeding the sum of £ 2 per week but if at the end of any year of the partnership it shall appear upon taking the general account that the amount which either partner is entitled to receive for interest on capital brought in or advanced by him and his share for that year of the net profits of the business is less than the total amount which he shall have drawn out in pursuance of this clause during that year he shall forthwith repay to the partnership the difference between the amount so drawn out by him and the amount which he is entitled to receive as aforesaid.

Within six calendar months after the expiration of the partnership otherwise than by the death of either partner a general account shall be taken by the partners of all the capital property engagements and liabilities of the partnership and immediately after such last mentioned account shall have been so taken and settled the partners shall forthwith make due provision for the payment of the debts and meeting all other liabilities of the partnership and subject thereto the capital of the partnership shall be divided between the partners in the proportions in which they shall be entitled to the same and the residue of the property of the partnership shall be divided between the partners in the

proportions in which they are entitled to the net profits of the partnership and all such deeds or instruments in writing shall be executed by the partners respectively for facilitating the getting in of the debts due to the partnership and for vesting the various parts or particulars of the partnership property in the partners to whom the same respectively shall upon such division belong and for releasing to each other all claims on account of the partnership and otherwise as are usual in similar cases.

19 If either partner shall die during the partnership his executors or administrators shall be entitled to—

- (1) The amount of the sum brought in and any further advances made by him to the capital of the partnership
- (2) The amount of what shall be due to him for interest unpaid thereon up to the day of his death
- (3) The amount if any ascertained or to be ascertained by the annual account which was or should have been or should be taken on the annual account day next before his death, if he shall die on some annual account day on the day of his death to be due to him for his share in the net profits of the business and remaining at the time of his death unpaid to or not drawn upon by him
- (4) If he shall die on any other day than an annual account day an allowance in lieu of net profits equal to interest at the rate of £ 5 per cent. per annum on the amount of his aforesaid share in the capital of the partnership to be calculated if he shall die before the first annual account day from the commencement of the partnership and if he shall die after that day then from the annual account day next before his death. And the said executors or administrators shall give credit for all sums drawn out by him since the commencement of the partnership or the last annual account day as the case may be.

The amounts to which the said executors or administrators shall be so entitled for interest on capital and share of and allowance in lieu of net profits shall be paid to them by the surviving partner on demand but the amount to which they shall be entitled for the deceased partner's said share in the capital of the partnership shall be paid to them by the surviving partner by three equal instalments to be payable together with interest thereon at the rate of £5 per cent. per annum from the date of the death in the manner following (that is to say) the first of such instalments with the interest then due thereon and on the principal amount then remaining unpaid at the expiration of <sup>six</sup> calendar months after the death the second of such instalments with the interest then due thereon and on the principal amount then remaining unpaid at the expiration of <sup>twelve</sup> calendar months after the death and the third of such instalments with the interest then due thereon at the expiration of <sup>eighteen</sup> calendar months after the death. And the payment of the said instalments and interest shall be secured by the bond of the surviving partner in a sum of double the amount of the principal money to be paid conditioned to be void on payment of the said instalments and interest in manner aforesaid. And subject to the rights by this 19th clause of these presents secured to the said executors or administrators the whole of the property (including the goodwill) of the partnership shall as from the day of such death belong to the surviving partner and all the liabilities of the partnership shall as from that day be discharged by the surviving partner. And all such assurances releases and instruments shall be executed by the said executors or administrators and the surviving partner respectively as shall be necessary or expedient to vest all the property of the partnership in the surviving partner alone and otherwise to give effect to the provisions of this clause and amongst other instruments a bond in a sufficient and reasonable penalty shall be executed to the said executors or administrators by the surviving partner, his executors or administrators for indemnifying the heirs executors or administrators estate and effects of the deceased partner against all the liabilities of the partnership at or after such death and all actions proceedings expenses claims and demands on account of the same.

20 Whenever any difference or dispute shall arise between the parties hereto or their respective executors or administrators touching these presents or anything herein contained or provided for or the operation hereof or any of their respective rights duties or liabilities hereunder or under the partnership hereby constituted or otherwise in connection with the premises the matter in difference or dispute shall be referred to two arbitrators or their umpire one of such arbitrators to be appointed by each party pursuant to and so as with regard to the mode and consequences of the reference and in all other respects to conform to the provisions in that behalf of the Arbitration Act 1889 or any subsisting statutory modification thereof.

In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed Sealed and Delivered by the  
above-named in the presence of  
Alfred Robinson  
294 Legal Square  
Ipswich  
Solicitor.

John Smith

L.S.

Thomas Jones

L.S.

DATED 30TH SEPTEMBER, 19..

JAMES SMITH

TO

THOMAS JONES

Articles of Partnership.

conducts himself in matters relating to the partnership business that it is not reasonably practicable for the other partner or partners to carry on the business in partnership with him.

(e) When the business of the partnership can only be carried on at a loss.

(f) Whenever in any case circumstances have arisen which, in the opinion of the court, render it just and equitable that the partnership be dissolved.

Actions for dissolution may be brought in the Chancery Division of the High Court, in the County Court where the partnership assets do not exceed £500, and in the Chancery Court of Lancaster in cases within the local jurisdiction of that Court.

On dissolution, each partner is entitled to have the property of the firm realised and devoted to payment of the firm's debts, and then in payment of what is due to the partners respectively after deducting what may be due from them as partners to the firm. Subject to any agreement between the partners, the amount due from surviving or continuing partners to an outgoing partner, or the representatives of a deceased partner, in respect of his share is a debt accruing at the date of the dissolution or death.

In settling accounts between the partners, the following rules must, subject to any agreement, be observed—

(a) Losses, including losses and deficiencies of capital, must be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportion in which they were entitled to share profits.

(b) The assets of the firm, including the sums, if any, contributed by the partners to make up losses or deficiencies of capital, must be applied in the following manner and order—

1. In paying the debts and liabilities of the firm to persons who are not partners therein.

2. In paying to each partner rateably what is due from the firm to him for advances as distinguished from capital.

3. In paying to each partner rateably what is due from the firm to him in respect of capital.

4. The ultimate residue, if any, must be divided among the partners in the proportion in which profits are divisible.

For the rules relating to the distribution of the estate of bankrupt and insolvent partners, reference should be made to the Article on BANKRUPTCY OF PARTNERS AND JOINT DEBTORS.

**PARTNERSHIP ACCOUNTS.**—Methods of dealing with accounts which will adequately display the position of different partners with their businesses have now reached a more or less definite method of treatment, although in some isolated, though happily insignificant, instances, partnerships are carried on without any definite or properly arranged agreement. It is now more commonly found that partnerships are properly constituted to conform with the requirements of the Partnership Act, 1890, or where, as in some isolated instances, the partners have found it expedient to adopt the provisions of the Limited Partnerships Act, 1907. Agreements have been drawn up to accord with one of these two statutes; in any case, proper legal advice should always be obtained when formulating such agreements. The usual stipulations provided for under an ordinary agreement for partnership are as follows—

"1. The capital of each of the several partners is to be stated, and usually a common rate of interest payable on that capital is provided for.

"2. The method of participating in the share of profits, giving the ratio to be credited to each partner; or, on the other hand, in the same ratio the amount of loss to be borne by each.

"3. Where salaries are to be drawn by all or any of the partners, this must be provided for, giving amount, rate, and time of pay.

"4. Provision must be laid down as to the term over which the partnership is to extend, or whether terminated by mere effluxion of time or on the happening of any unforeseen event, such as the bankruptcy, death, or lunacy of either partner.

"5. The extent to which drawings on account of profits can be appropriated by the partners, and providing for interest on such drawings.

"6. Provision must be included for the distribution of capital and the allocation of goodwill in the event of dissolution.

"7. Providing for the keeping of proper accounts, and determining the periods when such accounts shall be balanced and signed by each of the partners as an acceptance of their accuracy.

"8. Containing the provision to refer all disputes between the partners to arbitration."

In the absence of any agreement, it should be noted that the Partnership Act, 1890, requires that profits can only be divided equally, and that losses will be equally borne; further, no interest on capital can be claimed by any partner, and in realising the business each partner is entitled to share equally in the distribution of effects, and no partner would be entitled to any salary or remuneration; but where advances have been made out of the business to individual partners, interest can be charged to such partners at the rate of 5 per cent. per annum.

Partnerships under the Limited Partnership Act, 1907, will contain similar provisions in their agreements to that given above, this latter statute, however, provides that any partner or partners concerned in the agreement may be general partners with unlimited liability, whilst another partner or partners may be limited partners, that is to say, the liability of such partners may be confined to a definitely stated amount, represented by the capital which they may have severally invested in the firm. It is provided, however, that a limited partner will not take a part in organising or managing the business, by an act of this description they would immediately, *ipso facto*, become unlimited partners. Again, limited partners are not permitted to dispose of their holding in the business, except with the consent of the other partners; nevertheless, the unlimited partners are at liberty to admit other partners, without first obtaining the consent of the limited partners. It should be noted here that, although great hopes were entertained that the provisions of this unlimited partnership statute would open up great opportunities for the investment of capital, it has been found that little advantage has been taken of it since its introduction early in 1908. As with limited companies, it is possible to inspect the record of different limited partnerships at Somerset House for the fee of 1s.

**Sole Tradership to Partnership.** Except for the keeping of a separate capital account for each partner, the method of carrying on the accounts of a partnership concern as a whole will be upon precisely the same footing as though the business were one of a sole trader, where the capital account itself represents the extent to which the proprietor himself is interested. In a partnership venture, the capital is divided as agreed upon by the several partners, whilst the profits or losses are shared or borne upon a specified basis of apportionment. To suitably illustrate this, suppose a merchant carrying on business on his sole responsibility, decides to take a son into partnership on the basis of two-thirds to the senior partner and one third to the junior, the assets and liabilities of the concern are not to be subjected to any change as a result of the conversion from sole tradership to partnership conditions: the merchant merely transfers one-third of his interest in the business, *i.e.*, capital, to his son. Before the conversion, the balance sheet exhibited the following state of affairs:—

| <i>Liabilities.</i>        |          |          |          |
|----------------------------|----------|----------|----------|
|                            | <i>£</i> | <i>s</i> | <i>d</i> |
| Capital Account . . . . .  | 21,000   | 0        | 0        |
| Sundry Creditors . . . . . | 5,000    | 0        | 0        |
| Bank Loan . . . . .        | 1,000    | 0        | 0        |
|                            | <hr/>    |          |          |
|                            | £30,000  | 0        | 0        |

the capital accounts of each partner are set out on the next page (interest on both capital and drawings is ignored).

From these figures it will be noticed that, owing to the greater amount of drawings indulged in by the junior in proportion to the other partner, the ratio of their respective interests in the business, have, after the year's trading, undergone some modification. Where a loss has been sustained, this will, of course, be debited to each partner's account in the same proportion as for profit sharing.

**Interest on Drawings and Capital.** The custom of charging interest on drawings against partners is found to be in vogue in the majority of partnerships. It is not so common, however, as applied to capital, not would it seem necessary so long as each partner confined his drawings from the business to the same ratio as that which measures his proportional share of the profits, but it is found to be otherwise, and a situation arose in which one partner drew out of the business amounts approaching to and, perhaps, exceeding his share of profits

| <i>Assets</i>                             |          |          |          |
|---|----------|----------|----------|
|   | <i>£</i> | <i>s</i> | <i>d</i> |
| Freehold Property and Buildings . . . . . | 10,000   | 0        | 0        |
| Plant and Fixtures . . . . .              | 8,000    | 0        | 0        |
| Stock-in-Trade . . . . .                  | 3,000    | 0        | 0        |
| Sundry Debtors . . . . .                  | 8,000    | 0        | 0        |
| Cash . . . . .                            | 1,000    | 0        | 0        |
|   | <hr/>    |          |          |
|   | £ 30,000 | 0        | 0        |

The book-keeping entries necessary to complete the transaction involved by the son's introduction merely amount to the following journal entry:—

|  |    |         |   |   |
|--|----|---------|---|---|
| Capital Account . . . . .                  | Dr | £21,000 | 0 | 0 |
| To Sundry—                                 |    |         |   |   |
| Senior Partner's Capital Account . . . . . |    | £16,000 | 0 | 0 |
| Junior Partner's Capital Account . . . . . |    | £5,000  | 0 | 0 |

As per deed of partnership entered into the 1st day of January, 19 . . .

The books of the business will now exhibit the balance sheet shown on the next page; it will be observed that the amounts are the same, except for the splitting up of the capital account.

Assuming that at the date of introduction the business had undergone the process of stocktaking and balancing of the books, resulting in an accurate knowledge of the merchant's capital, the accounts may now be regarded as revealing the true state of affairs as subsisting between the partners. The routine of the concern will be carried on exactly as before, the only difference being the treatment of profits or losses as between the two owners on the stipulated ratio of participation and the debiting of drawings to each.

**Adjustment of Profits and Losses.** To illustrate the position of affairs at the end of the first year's trading in the above example, when the books show the following details, which solely affect the partners' capital accounts—net profits amount to £3,560, the senior partner has withdrawn from time to time £900, whilst the junior's drawings amount to £800—

in any year, and maintained that practice over a number of years, the other partner meantime continuing his drawings to a fraction of his share, then the ratio of capital between them must necessarily undergo a change: the thirty member's capital would increase, whilst the other's diminishes. The question of charging the business with interest on the respective capital balances at the beginning of each year is, then, one which demands attention.

To provide for interest on drawings, the partners will each be represented by a separate drawings account, the balance of which will be transferred to the debit of their capital accounts at the end of each half year or year, as the case may be. The calculation of interest is embodied in the ledger account itself on the same method as that employed by bankers (as follows), but this is simpler, as the rate of interest will in all probability be a constant factor.

The basis of calculation is arrived at as follows: The number of days is reckoned from the date of the first payment to the next, and so on; each number so arrived at is multiplied by the amount withdrawn at the time from which each period is counted, the products are then totalled as shown, which total is multiplied by the rate per cent. and successively divided by 100 and 365, the result being in pounds and decimals of a pound, in the above instance, 1.119 or approximately £1 2s. Arithmetically, the formula is—

$$\text{Interest} = [8,755 \times (\frac{5}{100} \times \frac{1}{365})] = \frac{87,550}{3,650} = 1.119 = \text{£1 } 2s.$$

| <i>Liabilities.</i>              |         |    |    | <i>Assets.</i>                  |         |    |    |
|----------------------------------|---------|----|----|---------------------------------|---------|----|----|
|                                  | £       | s. | d. |                                 | £       | s. | d. |
| Capital Account : Senior Partner | 16,000  | 0  | 0  | Freehold Property and Buildings | 10,000  | 0  | 0  |
| Capital Account : Junior Partner | 8,000   | 0  | 0  | Plant and Fixtures              | 8,000   | 0  | 0  |
| Sundry Creditors                 | 5,000   | 0  | 0  | Stock-in-Trade                  | 3,000   | 0  | 0  |
| Bank Loan                        | 1,000   | 0  | 0  | Sundry Debtors                  | 8,000   | 0  | 0  |
|                                  |         |    |    | Cash                            | 1,000   | 0  | 0  |
|                                  | £30,000 | 0  | 0  |                                 | £30,000 | 0  | 0  |

| <i>Dr</i>                 |         |    |    | <i>Cr.</i>                              |         |    |    |
|---------------------------|---------|----|----|---|---------|----|----|
|                           | £       | s. | d. |   | £       | s. | d. |
| To Drawings Account       | 900     | 0  | 0  | By Balance at commencement              | 16,000  | 0  | 0  |
| „ Balance carried forward | 17,433  | 6  | 8  | „ share, net Profits, two thirds £3,500 | 2,333   | 6  | 8  |
|                           | £18,333 | 6  | 8  |   | £18,333 | 6  | 8  |
|                           |         |    |    | By Balance brought down                 | 17,433  | 6  | 8  |

| <i>Dr</i>                 |        |    |    | <i>Cr.</i>                            |        |    |    |
|---------------------------|--------|----|----|---------------------------------------|--------|----|----|
|                           | £      | s. | d. |                                       | £      | s. | d. |
| To Drawings Account       | 800    | 0  | 0  | By Balance at commencement            | 8,000  | 0  | 0  |
| „ Balance carried forward | 8,366  | 13 | 4  | „ share Net Profits, one third £3,500 | 1,166  | 13 | 4  |
|                           | £9,166 | 13 | 4  |                                       | £9,166 | 13 | 4  |
|                           |        |    |    | By Balance carried down               | 8,366  | 13 | 4  |

| <i>Dr</i>       |    |        |     | <i>Cr.</i> |   |    |    |
|-----------------|----|--------|-----|------------|---|----|----|
|                 | £  | s.     | d.  |            | £ | s. | d. |
| Jan 21. To Cash | 55 | 2,750  | 50  | 0          | 0 |    |    |
| Mar 17. „ „     | 73 | 3,285  | 45  | 0          | 0 |    |    |
| May 29 „ „      | 12 | 1,920  | 160 | 0          | 0 |    |    |
| June 10 „ „     | 20 | 800    | 40  | 0          | 0 |    |    |
|                 |    | £8,755 |     |            |   |    |    |
| 30 To Interest  |    | 1      | 2   | 0          |   |    |    |
|                 |    | £296   | 2   | 0          |   |    |    |

**Premiums from New Partners.** New partners, upon introduction into a business, usually pay, in addition, probably, to the amount actually invested in the business, a sum as premium, which is divided amongst the existing partners in the ratio of their share in the business. This premium need not enter into the books of the business at all, if it does, it is merely passed through the cash book and paid out proportionately into the old partners' accounts. Any amount invested by the new partner in addition to a premium is credited to his capital account.

**Dissolution, Adjustments, or Liquidation.** The task of properly adjusting the state of affairs as between partners upon the dissolution of their business presents many complex problems, and requires somewhat skilful handling. The terms of the partnership deed must be carefully scrutinised, and annotations made as to the varied interests of each partner. Where no agreement exists, the realisation will be carried on in conformity with the

provisions of the Partnership Act, 1890. This Act requires the proceeds of the sale of assets to be distributed in the following order of priority:—

- (1) The payment of ordinary creditors
- (2) The repayment of specific loans from any or either partner
- (3) The repayment of balances shown on respective capital accounts of partners, together with any surplus arising out of the realisation

The following instance of a sale of a business as a going concern by two partners, the change of proprietorship involving a dissolution, will fully explain the procedure as to the accounts. At the date of dissolution the capital of the partners was £5,000 and £2,000 respectively, but profits were shared equally. The assets, excluding cash in hand, were disposed of for £5,000, free of debt, £120 was to be paid for liquidation fee and costs. The situation was as follows:



| <i>Liabilities</i>              |               |           | <i>Assets.</i> |                    |                                 |
|---------------------------------|---------------|-----------|----------------|--------------------|---------------------------------|
|                                 | <i>£</i>      | <i>s.</i> | <i>d.</i>      |                    | <i>£</i> <i>s.</i> <i>d.</i>    |
| Capital Account: Senior Partner | 5,000         | 0         | 0              | Freehold Buildings | 1,700 0 0                       |
| Capital Account: Junior Partner | 2,000         | 0         | 0              | Plant              | 3,500 0 0                       |
| Sundry Creditors                | 1,200         | 0         | 0              | Debtors            | 2,000 0 0                       |
|                                 |               |           |                | Cash               | 1,000 0 0                       |
|                                 | <u>£8,200</u> | <u>0</u>  | <u>0</u>       |                    | <u>£8,200</u> <u>0</u> <u>0</u> |

| <i>Dr</i>                   | CAPITAL ACCOUNT: <i>Senior Partner</i> |           |           |              |               |           | <i>Cr.</i> |
|-----------------------------|--|-----------|-----------|--------------|---------------|-----------|------------|
|                             | <i>£</i>                               | <i>s.</i> | <i>d.</i> |              | <i>£</i>      | <i>s.</i> | <i>d.</i>  |
| To Loss on Sale of Business | 1,160                                  | 0         | 0         | By Balance.. | 5,000         | 0         | 0          |
| " Cash                      | 3,840                                  | 0         | 0         |              |               |           |            |
|                             | <u>£5,000</u>                          | <u>0</u>  | <u>0</u>  |              | <u>£5,000</u> | <u>0</u>  | <u>0</u>   |

| CAPITAL ACCOUNT: <i>Junior Partner.</i> |          |           |           |            |                              |
|---|----------|-----------|-----------|------------|------------------------------|
|   | <i>£</i> | <i>s.</i> | <i>d.</i> |            | <i>£</i> <i>s.</i> <i>d.</i> |
| To Loss on Sale of Business             | 1,160    | 0         | 0         | By Balance | 2,000      0      0          |
| „ Cash                                  | 840      | 0         | 0         |            |                              |
|   | <hr/>    |           |           |            |                              |
|   | £2,000   | 0         | 0         |            | £2,000      0      0         |

| SUNDRY CREDITORS. |          |           |           |
|-------------------|----------|-----------|-----------|
|                   | <i>£</i> | <i>s.</i> | <i>d.</i> |
| To Cash           | 1,200    | 0         | 0         |
| By Balances       | 1,200    | 0         | 0         |

| FREEHOLD BUILDINGS     |          |           |           |
|------------------------|----------|-----------|-----------|
|                        | <i>£</i> | <i>s.</i> | <i>d.</i> |
| To Balance             | 1,700    | 0         | 0         |
| By Realisation Account | 1,700    | 0         | 0         |

| PLANT ACCOUNT.         |          |           |           |
|------------------------|----------|-----------|-----------|
|                        | <i>£</i> | <i>s.</i> | <i>d.</i> |
| To Balance             | 3,500    | 0         | 0         |
| By Realisation Account | 3,500    | 0         | 0         |

| SUNDRY DEBTORS.        |          |           |           |
|------------------------|----------|-----------|-----------|
|                        | <i>£</i> | <i>s.</i> | <i>d.</i> |
| To Balances            | 2,000    | 0         | 0         |
| By Realisation Account | 2,000    | 0         | 0         |

| REALISATION ACCOUNT.             |               |           |           |
|----------------------------------|---------------|-----------|-----------|
|                                  | <i>£</i>      | <i>s.</i> | <i>d.</i> |
| To Freehold Buildings            | 1,700         | 0         | 0         |
| " Plant                          | 3,500         | 0         | 0         |
| " Sundry Debtors                 | 2,000         | 0         | 0         |
|                                  | <u>£7,200</u> | <u>0</u>  | <u>0</u>  |
| By Cash Proceeds of Sale         | 5,000         | 0         | 0         |
| " Balance to Profit and Loss A/c | 2,200         | 0         | 0         |
|                                  | <u>£7,200</u> | <u>0</u>  | <u>0</u>  |

| PROFIT AND LOSS (REALISATION) ACCOUNT.  |               |           |           |
|---|---------------|-----------|-----------|
|   | <i>£</i>      | <i>s.</i> | <i>d.</i> |
| To Realisation Account—                 |               |           |           |
| Loss on Sale                            | 2,200         | 0         | 0         |
| Cost of Liquidation                     | 120           | 0         | 0         |
|   | <u>£2,320</u> | <u>0</u>  | <u>0</u>  |
| By Balance—                             |               |           |           |
| Half to Capital Account: Senior Partner | 1,160         | 0         | 0         |
| Half to Capital Account: Junior Partner | 1,160         | 0         | 0         |
|   | <u>£2,320</u> | <u>0</u>  | <u>0</u>  |

| CASH ACCOUNT.                |        |   |   |   |        |   |   |
|------------------------------|--------|---|---|---|--------|---|---|
| <i>Dr</i>                    |        |   |   | <i>Cr</i>                               |        |   |   |
|                              | £      | s | d |   | £      | s | d |
| To Balance . . . . .         | 1,000  | 0 | 0 | By Cost of Liquidation . . . . .        | 120    | 0 | 0 |
| " Sale of Business . . . . . | 5,000  | 0 | 0 | " Sundry Creditors . . . . .            | 1,200  | 0 | 0 |
|                              |        |   |   | " Balance due: Senior Partner . . . . . | 3,840  | 0 | 0 |
|                              |        |   |   | " Balance due: Junior Partner . . . . . | 840    | 0 | 0 |
|                              | £6,000 | 0 | 0 |   | £6,000 | 0 | 0 |

To further demonstrate the peculiar and intricate nature of such adjustments, it will be useful to extend this example somewhat to illustrate the position between partners, when one is called upon to contribute to the coffers of the liquidator. To do this, we will assume the business in question realised only £3,000, instead of £5,000. Other things being equal, the books will show the following result —

when the bill matures, in which case there should be indorsed on the bill words to the following effect: "Received £. . . in part payment without prejudice to the rights of the other parties." The holder can sue for the balance. The drawer and all the indorsers of the bill should be informed by or on behalf of the holder when only a part payment is made. In the case of a cheque, there is no such

CAPITAL ACCOUNT: *Senior Partner*

|                           | £      | s | d |                      | £      | s | d |
|---------------------------|--------|---|---|----------------------|--------|---|---|
| To Loss on Sale . . . . . | 2,160  | 0 | 0 | By Balance . . . . . | 5,000  | 0 | 0 |
| " Cash . . . . .          | 2,840  | 0 | 0 |                      |        |   |   |
|                           | £5,000 | 0 | 0 |                      | £5,000 | 0 | 0 |

CAPITAL ACCOUNT: *Junior Partner*

|                           | £      | s | d |                      | £      | s | d |
|---------------------------|--------|---|---|----------------------|--------|---|---|
| To Loss on Sale . . . . . | 2,160  | 0 | 0 | By Balance . . . . . | 2,000  | 0 | 0 |
|                           |        |   |   | " Cash . . . . .     | 160    | 0 | 0 |
|                           | £2,160 | 0 | 0 |                      | £2,160 | 0 | 0 |

## PROFIT AND LOSS (REALISATION) ACCOUNT.

|                              | £      | s | d |  | £      | s | d |
|------------------------------|--------|---|---|--|--------|---|---|
| To Loss on Sale . . . . .    | 4,200  | 0 | 0 | By Half Loss: Senior Partner . . . . . | 2,160  | 0 | 0 |
| " Liquidation Cost . . . . . | 120    | 0 | 0 | " Half Loss: Junior Partner . . . . .  | 2,160  | 0 | 0 |
|                              | £4,320 | 0 | 0 |  | £4,320 | 0 | 0 |

## CASH ACCOUNT

|                              | £      | s | d |                                  | £      | s | d |
|------------------------------|--------|---|---|----------------------------------|--------|---|---|
| To Balance . . . . .         | 1,000  | 0 | 0 | To Cost of Liquidation . . . . . | 120    | 0 | 0 |
| " Sale of Business . . . . . | 3,000  | 0 | 0 | " Sundry Creditors . . . . .     | 1,200  | 0 | 0 |
| " Junior Partner . . . . .   | 160    | 0 | 0 | " Senior Partner . . . . .       | 2,840  | 0 | 0 |
|                              | £4,160 | 0 | 0 |                                  | £4,160 | 0 | 0 |

From this it will be observed that the junior partner was actually called upon to contribute the sum of £160 to the coffers of the liquidator, the other partner only receiving £2,840 as regards his £5,000 on paper.

**PART PAYMENT.**—This, as its name denotes, signifies the payment of a portion only of a debt or other obligation. It also acts as one of the statutory forces which can bind a sale of goods under Section 4 of the Sale of Goods Act, 1893.

Part payment of a debt does not relieve the debtor from liability for the balance, unless there is what is called "accord and satisfaction" (*q.v.*).

As far as the ordinary negotiable instruments are concerned, *i.e.*, bills of exchange and cheques, a part payment of a bill may be made by the acceptor

thing as part payment. If the banker has not sufficient funds in his hands (there being no agreement as to an overdraft) to meet the cheque of a customer, payment is refused altogether.

**PARTRIDGE WOOD.**—A variegated wood imported from South America and the West Indies. It is used by cabinet makers, and for making walking sticks, etc. Its name is due to its markings.

**PARTY WALLS.**—The English dictionary gives the following definition of "party wall": "A wall between two buildings or pieces of land intended for distinct occupation, in the use of which each occupier has a partial right." Other definitions are: "A wall in which the adjoining owners are tenants in common," "a wall divided longitudinally into two strips, one belonging to each of the adjoining

owners, a wall wholly belonging to one owner, but in which the neighbour has a right (easement of support); a wall divided longitudinally and owned separately, but each owner possessing a right of support in his neighbour's half (cross easement).

Outside the metropolitan area the building rules which govern party walls are to be found in the by-laws of the town council, or the urban or rural district council, these by-laws conform, in the main, to the rules contained in the London Building Act, 1894; those rules will now be summarised: The London Building Act, 1894, consolidated and codified the general laws of building in the metropolis, extending from 1814 to 1893, and comprising thirteen Acts of Parliament. Where the lands of owners join each other, and one of the owners wishes to build a party wall on the line of junction, he must send a notice to the adjoining owner and must describe the proposed wall. If the adjoining owner consents, the party wall shall be built half on the land of each of the two owners, or in such other position as may be agreed on between them. The expense of building the party wall must be shared between the two owners in a proportion to be agreed upon. If the adjoining owner does not consent, then the building owner must build the wall entirely on his own land, such wall is then called an external wall.

**Building Procedure.** If the building owner desires to build a wall entirely on his own land, he may serve notice on the adjoining owner, and, within a month after such notice, he may excavate and lay the projecting footings of his wall upon the land of the adjoining owner, and shall give him compensation therefor. Where one external wall is built next another external wall or against a party wall, the footings next to the wall already built may be omitted. A building owner has the right to underpin a party structure which is out of repair, or to pull down and rebuild it, or to pull down any timber partition built contrary to the Act, and to build a proper party wall. The building owner may pull down rooms or storeys belonging to different owners when they are party structures and do not conform to the Act, and to re-erect them properly. Buildings connected by arches or communications over public ways, or over passages belonging to other persons may also be pulled down by the building owner when they do not conform with the Act.

**Rights of Building Owner.** The following extensive but necessary rights are further granted to the building owner over the property of the adjoining owner: The right to raise and underpin any party structure or external wall, upon the condition that all damage caused must be made good, including damage to internal furnishings and decorations; and that flues and chimney stacks belonging to the adjoining owner must be made good and carried to the proper height. The right to pull down any party structure which is of insufficient strength and to rebuild it of the proper strength. The right to cut into a party structure and to make good. The right to cut away a footing, a chimney breast, a projecting jamb or flue, or any other projection from a party or external wall, for the purpose of erecting an external wall next to it. The right to take away that portion of the adjoining owner's building which overhangs the land of the building owner, in order to erect an upright wall against the same. A right to perform any necessary work incident to a party structure; and the right to raise a party fence

wall or to pull it down and to rebuild as a party wall. All the above rights granted to the building owner are accompanied by corresponding duties which the building owner owes to the adjoining owner, the chief of which is that, in pursuing his own rights, he must not injure or jeopardise the rights of his neighbour.

**Rights of Adjoining Owner.** The rights of the adjoining owner are thus defined: To give the building owner notice to build on to the party structure such chimney copings, jambs, breasts, flues, piers, or recesses as may be fairly required for the convenience of the adjoining owner. The building owner must not interfere with a party wall or party fence except by consent of the adjoining owner, or after due notice given to both adjoining owner and occupiers. When the building owner lays open the land by pulling down the party structure, he must erect a proper hoarding, shoring, or temporary construction to protect the adjoining land and occupiers. No unnecessary inconvenience must be caused to the adjoining owner or adjoining occupier, and the work to be done must be prosecuted diligently and within six months of the notice being given.

Any difference which may arise between the building owner and the adjoining owner must be settled by arbitration in manner provided by the Act. The building owner or his servants may enter upon any premises in pursuance of their rights under this Act, but he must give fourteen days' notice, excepting in case of emergency, when the notice must be a reasonable one. Where it is necessary for a building owner to underpin an adjoining owner's building, he must do the following: Give two months' notice to the adjoining owner, and send with the notice a plan and sections of the proposed work, accept liability for any injury he may cause his neighbour, and receive from him, if necessary, a counter notice, in writing, stating that he, the adjoining owner, disputes the necessity of the proposed works. Both the building owner and the adjoining owner may require security to be given by each for the payment of expenses, costs, and compensation to which either may be put.

**Expenses.** The joint expenses in respect of party structures are: Each pays the portion due for repair, having regard to the use which each owner makes of the structure, the same rule applies when a party structure is pulled down and a new one erected, or when a timber party structure is pulled down and a proper one built in place thereof, or when rooms or storeys are pulled down and rebuilt, or arches or communications over public or private ways are pulled down and re-erected.

The building owner must pay the following expenses himself: Where he raises an external wall or underpins a party wall for his own benefit; where he pulls down and rebuilds a party structure when it is not necessary, but only, in his opinion, desirable, where he cuts into a party structure; where he does any damage in cutting away a portion of the party structure; when he raises a party wall or fence, or pulls down and erects a party wall. If the building owner makes a greater use of the rebuilt party structure than he did of the old one, he must pay a corresponding portion of the expenses.

An account of the expenses must be delivered to the adjoining owner, and he has one month in which to object to any item, or to claim any allowance or abatement. When an adjoining owner is

liable to pay a portion of the expenses of the repair or re-erection of a party structure, the structure shall belong to the building owner until the contribution is paid. The adjoining owner is liable for all the expenses incurred by the building owner at the request of the adjoining owner. (See ADJOINING OWNERS.)

**PASSAGE BROKER.**—A passage broker is any person who sells or lets, or is concerned in letting or selling, steerage passages in any ship proceeding from the British Islands to any place out of Europe, not within the Mediterranean Sea, or who at any place in the British Islands sells or lets steerage passages from any place in Europe not within the Mediterranean. A passage broker is liable for the acts and defaults of any person acting under his authority, or as his agent. He must not act directly or indirectly as a passage broker unless he (a) has entered into a joint and several bond to the Crown in the sum of £1,000, with two sureties approved by the emigration officer, and (b) holds a licence which for the time being is in force. The bond must be renewed on each occasion of obtaining a licence, and is not liable to stamp duty. It must be executed in duplicate, and one part is deposited at the office of the Board of Trade and the other with the emigration officer. The emigration officer may, in lieu of two securities, accept the bond of any guarantee society approved by the Treasury. A passage broker's agent duly appointed is exempt from the above provisions. A person failing to comply with these provisions is liable to a fine of £50.

Application for a licence to act as passage broker must be made to the licensing authority for the place in which the applicant has his place of business. The licensing authority, upon the applicant proving to their satisfaction that he has deposited one part of such bond as required, and has given fourteen days' notice to the Board of Trade of his intention to apply for a licence, may grant the licence, and must then send to the Board of Trade notice of the grant. The following are licensing authorities: (a) in the administrative county of London, the justices of the peace at petty sessions; (b) elsewhere in England, the council of a county borough or county district; (c) in Scotland, the sheriff; and (d) in Ireland, the justices in petty sessions. A passage broker's licence, unless forfeited, remains in force until December 31st in the year in which it is granted, and for thirty-one days afterwards. The licence is liable to forfeiture for any offence under Part III of the Merchant Shipping Act.

A passage broker must not employ as an agent in his business of passage broker any person who does not hold from him an appointment, signed by the passage broker, and counter-signed by the emigration officer at the port nearest to the place of business of the passage broker. Such agent must, upon request, produce his appointment to any emigration officer, or to any person treating for a steerage passage. A passage broker must keep exhibited in some conspicuous place in his office or place of business a correct list, in legible characters, containing the names and addresses in full of every person for the time being authorised to act as his agent, or as an emigrant runner for him, and must, on or before the fifth day in every month, transmit a true copy of that list, signed by him, to the emigration officer nearest to his place of business, and must report to that emigration officer every

discharge or fresh engagement of an agent, or of an emigrant runner, within twenty-four hours of the same taking place, under a penalty of £5.

**PASSAGE COURT OF LIVERPOOL.**—This is one of the remaining minor courts of the country, which still continue to exercise a certain amount of jurisdiction in spite of the advance of modern times and the Judicature Acts of 1873 and 1875. This court corresponds in many respects to the Mayor's Court of the City of London, though its powers are not so extensive. Its civil jurisdiction is limited to those defendants who reside within the borough of Liverpool, or to cases where the cause of action has arisen within the borough. A special judge presides over its proceedings, which include extensive Admiralty matters.

**PASS BOOKS.**—This is the name given to the books which pass between traders and their customers, showing the particulars of transactions carried on by them. But the name is mostly used in connection with bankers, who use these books to set out for the information of their customers the state of the customers' accounts. They show the amounts paid in by the customers, and the amounts paid out by the bankers on their behalf on the cheques drawn.

Pass books were introduced to avoid the old inconvenient practice of a customer attending the bank upon certain days and examining his own accounts in the bank's ledger. If the account was correct, the customer signed his name under the withdrawal entries, whilst the banker certified the accuracy of the payments in a similar way. Now, the pass book is, in correct, an exact copy of the account contained in the ledger. For the purpose of keeping everything in order and checking all the entries, it is usual for a banker to require the pass book to be left for the purpose of being made up at stated periods, generally at least once a month. After this has been done, the customer either calls for his pass book or has it sent to him, and in the pocket of the book all paid cheques are deposited, unless it is the practice of the particular bank to retain the cheques, a practice which is not now common. It need hardly be stated that a customer must not make any entry in the pass book. It is his duty to examine it carefully, and if he discovers any mistake of any kind, he should acquaint the bank of the fact immediately, so that the error can be rectified. Any delay may lead to serious difficulties.

In an old case the custom of bankers and customers as to the use of the pass book, or passage-book as it is sometimes called, was thus stated: "A book called a passage-book is opened by the bankers, and delivered by them to the customer, in which at the head of the first folio, and there only, the bankers, by the name of their firm, are described as the debtors, and the customer as the creditor in the account, and on the debtor side are entered all sums paid to or received by the bankers on account of the customer, and on the creditor side all sums paid by them to him or on his account. And the entries being summed up at the bottom of each page, the amount of each, or the balance between them, is carried over to the next folio, without further mention of the names of the parties until, from the passage-book being full, it becomes necessary to open and deliver out to the customer a new book of the same kind. For the purpose of having the passage-book made up by the bankers from their own books of account, the

customer returns it to them from time to time as he thinks fit, and the proper entries being made by them up to the day in which it is left for that purpose, they deliver it again to the customer, who thereupon examines it, and if there appears any error or omission, brings or sends it back to be rectified; or, if not, his silence is regarded as an admission that the entries contained in it are correct; but no other settlement, statement, or delivery of accounts, or any other transaction which can be regarded as the closing of an old or opening of a new account, or as varying, renewing, or confirming (in respect of the persons of the parties mutually dealing) the credit given on either side, takes place in the ordinary course of business, unless when the name or firm of one of the parties is altered, and a new account thereupon opened in the new name or firm.

"The course of business is the same between such bankers and their customers resident at a distance from the metropolis, except that, to avoid the inconvenience of sending in and returning the passage-book, accounts are from time to time made out by the bankers, and transmitted to the customer in the country when required by him, containing the same entries as are made in the passage-book, but with the names of the parties, debtor and creditor, at the head, and with the balance struck at the foot of each account; on receipt of which accounts the customer, if there appears to be any error or omission, points out the same, by letter, to the bankers, but if not, his silence, after the receipt of the account, is in like manner regarded as an admission of the truth of the account, and no other adjustment, statement, or allowance thereof usually takes place."

The entries made in a pass book by a bank may be used in evidence against the bank. Where an entry showing a payment to a customer's credit has been made in a pass book in error, and the customer, relying upon that credit, has drawn cheques against it or in some other way altered his position, the banker will be bound by that entry. But if the customer's position has not been altered by the entry, the banker is at liberty to show that the entry was made by mistake.

An entry in a pass book in favour of a customer is *prima facie* evidence against the banker, and an entry against a customer is *prima facie* evidence against the customer after the pass book has been seen by the customer and returned to the bank without any comment being made.

In a Scotch case it was said: "Considering that the pass book (as its name indicates) is a book which passes between the bankers and their customer, being alternately in the custody of each party, on proof of its having been in the custody of the customer, and returned by him to the bankers without objection being made to any of the entries by which the bankers are credited, I think such entries may be *prima facie* evidence for the bankers as those on the other side are *prima facie* evidence against them."

Where a mistake has been made the sooner it is rectified the better, as the length of time during which an erroneous entry remains in a pass book may be important. The longer a customer sees a certain amount standing to his credit, the more difficult it will be to prove that the customer has not altered his position on the strength of that credit. A banker is at liberty to show that a mistake has been made even if the entry in the pass

book has been formally initialled by an official of the bank. But a banker is not, of course, excused from liability if he has received money for a customer and has omitted to give him credit for it.

When a customer obtains his pass book from the bank, keeps it in his possession for a certain time, and then returns it to the bank without any comment, the ordinary conclusion is that the customer has examined the book and found it to be correct; but this view of the matter may not be the one which the courts will take in such a case. For instance, in a case in 1890, Lord Esher, M.R., expressed the opinion that a customer is not bound to examine his pass book. He said: "A hundred things may happen to prevent him from looking into it when he has got it, and what right has the bank to infer that he has looked into it?"

In *Vaghano Brothers v Bank of England*, 1889, 23 Q.B.D. 243, where the plaintiff had received his pass book half-yearly along with the paid cheques, which cheques he retained, and returned the pass book to the bank without any remark, Bowen, L.J., in his judgment said: "There is another point to be considered. The plaintiff from time to time received from the bank his pass book, with entries debiting the payments made, for which the bank sent the bills as vouchers, which were retained by the plaintiff when he returned, without objection, the pass book. It was contended that this was a settlement of account between him and the bank, and that he had been guilty of such negligence with respect to the examination of the vouchers as would have prevented him from being relieved from this settlement of account. But there was no evidence to show what, as between a customer and his banker, is the implied contract as to the settlement of account by such a dealing with the pass book, or that, having regard to the ordinary course of dealing between a banker and his customers, the plaintiff had done anything which can be considered a neglect of his duty to the bank or negligence on his part."

With reference to the expression "settlement of account" in the above judgment, an account is considered to be a stated or settled account where the customer has given a definite confirmation of the correctness of the account, or where the account has been balanced and ruled off as is done in pass books at the end of each half-year. Some authorities consider that where a pass book is given out with the balance entered in the book in pencil it should be considered a settled account, but other authorities do not attach much importance to a pencilled balance and hold that it does not constitute a settled account.

In *Keptigalla Rubber Estates, Ltd. v. The National Bank of India, Ltd.*, 1909, 2 K.B. 1010, with reference to the point that when a pass book is taken out of the bank by a customer or some clerk of his, and is returned without objection, there is a settled account between the bank and the customer by which both are bound, Mr. Justice Bray said: "I know of no authority in this country for this proposition." He further said, in commenting upon another case, that it would be absurd to "hold that the taking out of the pass book and its return constituted a settled account. It would mean that a secretary of a company by going to the bank for his own purposes in order to prevent the discovery of a fraud, and without knowledge on the part of any of the directors, and getting the pass book (with a pencil

entry in it of the balance) can bind the company for all purposes." The same view was taken by Mr. Justice Channell in the case of *Walker v Manchester and Liverpool District Banking Co., Ltd.*, 1913, 108 L.T. 728.

A customer, however, will not be able successfully to object to the bank charges in his pass book if they are similar to those of previous half-years to which he never raised any objection when returning his pass book.

It is somewhat remarkable that there is something so indefinite still existing in the case of pass books, seeing that they have been used in their present form for more than half a century. Sir John R. Paget, the eminent authority in financial matters says, "the present position of the pass book is, perhaps, the most unsatisfactory thing in the whole region of banking law."

It is an indictable offence, rendering the guilty person liable to severe penalties, for any alteration to be made in a pass book with intent to defraud. Any such alteration is a forgery under the Forgery Act, 1913.

**PASSENGERS ON SHIPS.**—The liability of carriers of passengers is not so extensive with the liability of common carriers of goods, for whereas in the latter capacity they undertake the safe carriage of the goods entrusted to their care, the act of God and the King's enemies alone excepted, in the former their responsibility is limited to the use of due care, including the use of skill and foresight, to carry their passengers in safety. "Due care" used in reference to the contract to carry means a high degree of care, and casts on the carrier the duty of exercising all reasonable vigilance to see that whatever is required for the safe conveyance of the passengers is in fit and proper order. The absolute warranty of seaworthiness, which is implied in contracts for the carriage of goods, has not been extended to the passenger's contract, and, therefore, there is no warranty that the ship is free from all defects likely to cause peril. A passenger may enter into an express contract with a shipowner to dispense with the carrier's obligation to carry with reasonable care, and to take the whole risk of the voyage upon himself. This contract may be established by a notice excluding liability for the want of care, for negligence, or even for the wilful misconduct of the carrier's servants, if assented to by the passenger; but a mere notice without assent is not sufficient. Clear evidence must be produced to show that the notice was brought to the knowledge of the passenger, and that he expressly assented to it. The mere delivery of a ticket with the conditions endorsed upon it is far from conclusively binding upon the passenger. Assent is a question of fact, and a passenger may be bound by the terms of the contract, although he has never read them, if he has been given reasonable notice of the terms upon which the carrier is willing to enter into a contract to carry him.

Goods carried as the personal luggage of a passenger are, it seems, in the same category as goods carried independently of any passenger. The carrier undertakes the full liability of a common carrier. From the decision of the House of Lords, in *Great Western Railway Company v. Bunch*, 1888, 13 A.C. 31, the rule now seems to be that the passenger's interference with the exclusive control of the goods only modifies the liability of the carrier to the extent that he is relieved from responsibility for losses which happen owing to the

passenger's own want of care. In the case, however, of goods which are not merely in the passenger's control, but in his actual personal custody, such as clothing or articles in his pocket, the shipowner's liability is the same as in respect of the passenger himself; hence the shipowner is liable, subject to the contract and to statutory protection, only for failure to exercise reasonable and proper care. Where goods are taken with a passenger as his personal luggage, the carrier is not generally liable for them as a common carrier, unless they are of that character. Although the liability of the shipowner with regard to luggage carried in a ship with a passenger, apart from contract, appears to be that of a common carrier of goods, unless the luggage was under the passenger's own control; yet a contract on the subject is usually made with the passenger, which is generally expressed on his ticket, or the receipt for his passage-money. By such a contract the shipowner may relieve himself of all liability for the safety of the luggage, including all risks of loss from negligent or wrongful acts of the master or crew. And where a passenger's ticket contained a condition that the carrier would not be responsible for any loss or damage arising from any act, or default whatsoever, of the pilot, master, or mariners, it has been held that the executors of a passenger, who was killed whilst on the voyage by the alleged negligent navigation of the ship by which he was being carried, could not maintain an action against the carrier under Lord Campbell's Act.

If injury is caused to a passenger by the negligence of another ship, the owners thereof are liable, for the contributory negligence of the persons in charge of the vessel carrying the passenger cannot be set up against the passenger, or even against one of the crew who is not personally guilty of negligence. If both vessels have by negligence contributed to the accident causing personal injury, they are both liable for injury to a passenger. In an action to recover damages for the death of a passenger lost with the ship, the master's list or the duplicate list of passengers delivered to the proper officer of customs is evidence that such a person was a passenger on board such ship at the time of his death. (See LIMITATION OF SHIPOWNERS' LIABILITY.)

The time for the payment of passage money, if not regulated by express contract, is determined by usage, if there is any. If a passage by the particular ship is not provided in accordance with the contract, there is, at common law, a right to a return of the passage money and damages, if performance of the contract is impossible, and that through no fault of either party, e.g., by the previous destruction of the vessel, there is a total failure of consideration, and the money can be recovered back, but if the destruction happens after the voyage is begun, although the passenger has not gone on board, the money cannot be recovered back. The question of the recovery of passage money by steerage passengers is dealt with later. The master has a lien for unpaid passage money on the passenger's luggage, but not on the passenger himself, nor on the clothes he is wearing. *Quid facit*, the law of the country where the contract is made is the law which governs the validity of the contract.

Carriers of passengers in ships who hold themselves out publicly as such are bound to receive, and carry all who are willing to contract with them, unless special causes for refusal exist. As, for example, the fact that the ship is so full that its

accommodation is exhausted, and that it can carry no more without inconvenience, not only to the passenger applying, but to all on board. A passenger may be refused who would endanger the other passengers by contagious disease, or annoy them by his drunkenness, or his disreputable appearance or manners. It would seem, however, that if a passenger who might have been refused passage from his bad reputation, character, or habits, is received on board, he cannot afterwards be expelled, if while on board he is guilty of no impropriety; nor can he be treated with such insult or contumely as would compel him to leave the vessel.

A passenger is not entitled to require that the ship by which he is to be conveyed shall begin the voyage at the advertised or agreed time, unless it was warranted when the contract was made that she would do so. It will be sufficient if it is begun within a reasonable time. If the time of sailing is of the essence of the contract, the passenger is absolved from his obligation by delay of the ship, and entitled to damages with a return of the passage money.

The power of the master is not so great over passengers as over the crew, and a master would have no right to call on a passenger, under ordinary circumstances, to do duty as one of the crew, but a passenger on board a ship, in a time of peculiar and extraordinary exigency or peril, shares in the common danger, and may well be required to take his share in the common efforts for safety. The result is, that the master has a right to command and compel the service of a passenger in case of actual danger from a peril of the sea, to work at the pumps, for example, if the ship leaks. He can require no more exertion or exposure on the part of the passenger than is strictly necessary, and certainly cannot require him to do what might be safe enough to a practised seaman, but would be very dangerous to a landsman. A master has been held to have power to exclude from table a passenger behaving offensively, or threatening him with personal violence.

Part III of the Merchant Shipping Act, 1894, as amended by Part II of the Act of 1906, regulates the conveyance of passengers, and ascertains and enforces the public duties which are binding on owners and masters who engage in this kind of traffic. The expression "passenger" includes any person carried in a ship other than the master and crew and the owner, his family and servants; and the expression "passenger steamer" means every British steamship carrying passengers to, from, or between any places in the United Kingdom, and every foreign steamship (whether originally proceeding from a port in the United Kingdom or from a port out of the United Kingdom) which carries passengers to, from, or between any place in the United Kingdom. The expression "emigrant ship" means every sea-going ship, whether British or foreign, and whether or not conveying mails, carrying upon any voyage to which the provisions of Part III of the Merchant Shipping Act, 1894, respecting emigrant ships apply, more than fifty steerage passengers or a greater number of steerage passengers than in the proportion—(a) if the ship is a sailing ship, of one statute adult to 33 tons of the ship's registered tonnage, and (b) if the ship is a steamship of one statute adult to every 20 tons of the ship's registered tonnage. The expression "emigrant ship" also includes a ship which, having proceeded from a port outside the British Islands,

takes on board at any port in the British Islands such a number of steerage passengers, whether British subjects or aliens resident in the British Islands, as would, either with or without the steerage passengers, which she already has on board, constitute her an emigrant ship. The expression "statute adult" means a person of the age of twelve years or upwards, and two persons between the ages of one and twelve years are to be treated as one adult. The expression "steerage passenger" means all passengers except cabin passengers, and persons are not to be deemed cabin passengers unless, (a) the space allotted to their exclusive use is in the proportion of at least 36 clear superficial ft. to each statute adult, and (b) the fare contracted to be paid by them amounts to at least the sum of £25 for the entire voyage, or is in the proportion of at least 65s. for every 1,000 miles of the length of the voyage, and (c) they have been furnished with a duly signed contract ticket in the form prescribed by the Board of Trade for cabin passengers. The provisions of the Merchant Shipping Act respecting emigrant ships apply only to such ships whilst on voyages from the British Islands to any port out of Europe and not within the Mediterranean Sea, and to a limited degree to ships carrying passengers on Colonial voyages, which are defined by the Act as voyages from any port in a British possession other than British India or Hong-Kong, to any port whatever where the voyage is more than 400 miles or exceeds three days in duration. Part III of the Act also lays down certain provisions regarding ships carrying steerage passengers to the British Islands from any port out of Europe and not within the Mediterranean Sea. A ship must not carry passengers, whether cabin or steerage passengers, on more than one deck below the water line, and for a breach of this regulation the master is liable for each offence to a fine not exceeding £500. The length of voyages of emigrant ships is determined by scales fixed by the Board of Trade and published in the *London Gazette*, and different lengths may be fixed for different descriptions of ships.

Every passenger steamer which carries more than twelve passengers must be surveyed once at least in each year, and it must not ply or proceed to sea, or on any voyage or excursion with passengers on board, unless the owner or master has the certificate from the Board of Trade as to survey. If she attempts to do so, she may be detained until such certificate is produced to the proper customs officer, but if she is an emigrant ship and has complied with the provisions as to survey, in such case she is exempt from this necessity. The owner of every passenger steamer must have the same surveyed by a shipwright surveyor of ships, and an engineer surveyor of ships. The declaration of the shipwright surveyor must contain statements of the following particulars: (a) That the hull of the steamer is sufficient for the service intended and in good condition, (b) that the boats, life-buoys, lights, signals, compasses, and shelter for deck passengers are such, and in such condition, as are required by the Merchant Shipping Act; (c) the time (if less than one year) for which the hull and equipment will be sufficient; (d) the limits (if any) beyond which, as regards the hull and equipments, the steamer is in the surveyor's judgment not fit to ply; (e) the number of passengers, which the steamer is, in the judgment of the surveyor, fit to carry, distinguishing, if necessary, between the respective numbers to be carried on the deck and in the cabins and in

different parts of the deck and cabins—those numbers to be subject to such conditions and variations, according to the time of year, the nature of the voyage, the cargo carried, or other circumstances as the case requires, (f) that the certificates of the master and mates are such as are required by the Act. The declaration of the engineer surveyor must contain statements of the following particulars, viz: (a) That the machinery of the steamer is sufficient for the purpose intended, and in good condition, (b) the time (if less than one year) for which the machinery will be sufficient, (c) that the safety valves and fire hose are in proper condition, (d) the limit of weight to be placed on the safety valves, (e) the limits (if any) beyond which, as regards the machinery, the steamer is in the surveyor's judgment not fit to ply, (f) that the certificates of the engineers of the steamer are such as are required by the Act. The owner must transmit such declarations fourteen days after receiving them to the Board of Trade, under a penalty of 10s for each day's delay, and the Board, on receipt of them, if satisfied therewith, issues in duplicate a passenger steamer's certificate, stating the limits beyond which (if any) the steamer is not to ply, and the number of passengers she may carry. If a shipwright or engineer surveyor refuses to give such a declaration, the shipowner can appeal to the Court of Survey for the port or district where the steamer is. The Board of Trade transmits the certificate in duplicate to a superintendent, or some proper officer at the port mentioned by the shipowner for the purpose, and gives notice of so doing to the master or owner, the latter can, on applying to that officer and paying the proper fee, obtain from him both copies of the certificate. Such a certificate is in force only for one year, or a shorter time if so expressed. A passenger steamer, if absent from the United Kingdom when her certificate expires, is not, however, liable to a fine for want of a certificate till she first begins to ply as a passenger steamer again after next returning to the United Kingdom. The Board of Trade may cancel a passenger steamer's certificate when they have reason to believe (a) that any declaration of survey on which the certificate was founded has been made fraudulently or erroneously; or (b) that the certificate has been issued upon false or erroneous information, or (c) that since the making of the declaration, the hull, equipments, or machinery have sustained any injury, or are otherwise insufficient. The Board of Trade may require a passenger steamer's certificate, which has expired or been cancelled, to be delivered up as they direct. One of the duplicates of the certificate must be put up in some conspicuous place on board the steamer, so as to be legible to all persons on board, under a penalty of £10; and if the steamer goes to sea with passengers without these provisions being complied with, the owner is liable to a fine of £100 and the master to a further penalty of £20. The owner or master of any passenger steamer must not receive on board any number of passengers which, having regard to the time, occasion, and circumstances of the case, is greater than the number allowed by the passenger steamer's certificate, and if he does so, he is liable for each offence to a fine of £20, and also an additional fine not exceeding 5s. for every passenger above the number so allowed; or if the fare of any passenger on board exceeds 5s, not exceeding double the amount of the fares of all the passengers above the number so allowed, reckoned at the

highest rate of fare payable by any passenger on board. Non-compliance with the above provisions as to survey and the certificate entails, in addition to any other penalty, under the Merchant Shipping Acts, liability to a fine of £10 on the master or owner of the ship (which includes tenders for embarking and landing passengers) for every passenger carried to or from any place in the United Kingdom.

A sea-going passenger steamer must have her compasses properly adjusted from time to time, she must be provided with a hose capable of being connected with the engines of the steamer, and adapted for extinguishing fire in any part of the steamer. A home-trade passenger steamer must be provided with such shelter for the protection of deck passengers (if any) as the Board of Trade require. A passenger steamer must be provided with a safety valve on each boiler, so constructed as to be out of the control of the engineer when the steam is up, and if the safety valve is in addition to the ordinary valve, so constructed as to have an area not less, and a pressure not greater, than the area of, and pressure on, the ordinary valve. For each breach of these regulations, the owner (if in fault) is liable to a fine of £100, and the master to one of £50. A person who increases the weight on the safety valve of a passenger steamer beyond the limits fixed by the surveyor, is, in addition to any other liability he may incur, liable to a fine of £100.

In 1914 the Merchant Shipping (Convention) Act was passed to amend the law so as to give effect to an International Convention for the safety of life at sea. This Act provides for the reporting of ice and dangerous depths on sea routes and places an obligation on ship masters to respond to signals of distress by wireless and to log any reason they may have for not proceeding to the assistance of those in distress. Special rules are laid down for the construction and manning of passenger steamers and for the periodic trial of watertight doors, valves and other safety equipment. The Merchant Shipping Act, 1904, is further extended by requirements as to life-saving apparatus being more rigorously enforced. Lifeboats and life rafts are to be sufficient in number for the carrying of all persons on board. Every passenger ship which carries fifty or more passengers is required to carry and maintain wireless equipment, rules with respect to which are to be made by the Board of Trade, which authority may appoint inspecting officers to inquire into wireless installation. The rules apply to foreign ships using British ports.

If a person commits any of the following offences on board a passenger steamer, he is liable to a fine of 40s, but this is not to prejudice the recovery of any fare payable by him: (a) Persists in attempting to enter a steamer after being refused admission on account of being drunk or disorderly, and after having the amount of his fare (if he has paid it) returned or tendered to him, (b) being drunk or disorderly on board, refuses to leave the steamer at any place in the United Kingdom at which he can conveniently do so, (c) molests any passenger after warning; (d) persists in attempting to enter the steamer when refused on account of the steamer being full, (e) travels or attempts to travel in the steamer without first paying his fare, and with intent to avoid payment, (f) knowingly and wilfully refuses to quit the steamer on arriving at a point to which he has paid his fare; (g) fails, when requested, either to pay his fare or to exhibit such



ticket or other receipt, if any, showing the payment of his fare. It is an offence punishable with a fine of £20 for any person on board any steamer wilfully to do or cause to be done anything to obstruct or injure any part of the machinery or tackle of the steamer, or to obstruct or molest the crew in the execution of their duty. The master or other officer of any such steamer, and all persons called by him to his assistance, may, without any warrant, detain any person who commits any of the above offences, and whose name and address is unknown to the master, and convey the offender with all convenient despatch before some justice of the peace to deal with the case in a summary manner. If any person commits any of the above offences and refuses to give his name and address, or gives a false name and address, he is liable to a fine of £20, which is to be paid to the owner of the steamer. The master of any home-trade passenger steamer may refuse to receive on board any person who, by reason of drunkenness or otherwise, is in such a state, or misconducts himself in such a manner, as to cause annoyance or injury to passengers on board. If any such person is on board, the master may put him on shore at any convenient place; and a person so refused admittance or put on shore is not entitled to the return of any fare he has paid. The master of any ship, British or foreign, carrying passengers to a place in the United Kingdom from any place out of the United Kingdom, or *vice versa*, must furnish to every person so carried a return of the passengers, and passengers must give necessary information for that purpose, under a penalty of £20 in either case.

**PASSING A DIVIDEND.**—This expression means not paying a dividend, and is to be distinguished from "passing a resolution to pay a dividend."

**PASSING A NAME.**—This is a phrase in use on the Stock Exchange to signify the giving of the name of the actual purchaser at the time of the settlement.

**PASSIVE BONDS.**—These are bonds which do not bear any interest, but which have certain rights attached to them entitling the holder to some future benefit or claim in respect of them.

**PASSPORT.**—This is the official document issued by the Foreign Office, vouching for the respectability of the person named therein, and which is used by that person in cases of necessity when travelling in foreign countries.

The following regulations have been issued by the Foreign Office respecting passports—

1. Applications for Foreign Office passports must be made in the authorised form, and enclosed in a cover addressed to "The Passport Office, 1 Lake Buildings, St. James's Park London, S.W. 1."

2. The charge for a passport is 5s. Passports are issued at the Passport Office, between the hours of 10 and 4 (Saturdays, 10 to 1), except on Sundays and Public Holidays, when the Passport Office is closed. Applications should, if possible, reach the Passport Office not less than seven days before that on which the passport is required. If the applicant does not reside in London, the passport may be sent by post, and a postal order for 5s. should in that case accompany the application. Postage stamps will not be received in payment.

3. Foreign Office passports are granted—

- (1) To natural born British subjects;
- (2) To the wives and widows of such persons; and
- (3) To persons naturalised in the United

Kingdom, in the British Dominions, or Colonies, or in India.

A married woman is deemed to be a subject of the State of which her husband is for the time being a subject.

4. Passports are granted—

(1) In the case of natural-born British subjects and persons naturalised in the United Kingdom, upon the production of a declaration by the applicant in the authorised form, verified by a declaration made by any banking firm established in the United Kingdom, or by any mayor, magistrate, provost, justice of the peace, minister of religion, barrister-at-law, physician, surgeon, solicitor, or notary public, resident in the United Kingdom. The applicant's certificate of birth may also be required in certain cases. Applicants in H.M. Forces may have their declaration verified by their commanding officer.

(2) In the case of children under the age of sixteen years requiring a separate passport, upon production of a declaration made by the child's parent or guardian, in a Form (B), to be obtained upon application to the Passport Office.

(3) In the case of persons naturalised in any one of the British self governing Dominions, upon production of a recommendation from the High Commissioner or Agent-General in London of the State concerned, and in the case of natives of British India and persons naturalised therein, upon production of a Letter of Recommendation from the India Office. Persons naturalised or ordinarily resident in any of the Crown Colonies must obtain a Letter of Recommendation from the Colonial Office.

5. If the applicant for a passport be a naturalised British subject, the certificate of naturalisation must be forwarded to the Foreign Office with the declaration or letter of recommendation. Naturalised British subjects, if resident in London or in the suburbs, must apply personally for their passports at the Passport Office. If resident in the country, the passport will be sent, and the certificate of naturalisation returned, to the person who may have verified the declaration, for delivery to the applicant.

Naturalised British subjects will be described as such in their passports, which will be issued subject to the necessary qualifications.

6. Foreign Office passports are not available beyond two years from the date of issue. They may be renewed for four further periods of two years each after which fresh passports must then be obtained. The fee for renewal is 2s.

7. A passport cannot be issued by the Foreign Office on behalf of a person already abroad; such person should apply for one to the nearest British Mission or Consulate. Passports must not be sent out of the kingdom by post.

8. Travellers must not leave the United Kingdom without having had their passports *vised* either at the Consulate-General, or at one of the other Consulates in the United Kingdom of those States in which they wish to travel.

**N.B.**—A statement of the requirements of foreign countries with regard to passports may be obtained upon application to "The Passport Department, Foreign Office, London, S.W."

A specimen signature of the applicant and a recent photograph is affixed to the passport when issued.

Recommendations from banking firms should bear the printed stamp of the bank.

The stamp duty upon a passport is 6d.

To *use* a passport is to have it examined and endorsed by a proper authority, as where an intending traveller in Italy or Spain has it endorsed at the Italian or Spanish Consulate in London.

Under the Defence of the Realm regulations, orders are made as to aliens entering this country. Passports with photographs are required and the use of a false passport is a punishable offence.

**PAST DUE BILLS.**—If a customer of a bank discounts a bill of exchange with his banker, and the bill is dishonoured by non-payment, the banker debits the account of his customer with the amount of the bill, and returns the bill itself to the customer. It may happen, however, that the account of the customer is in such a condition that it cannot be debited except by being overdrawn. The bill is then charged to an account called "overdue bills" or "dishonoured bills," or "past due bills," and notice is given to the customer and to all other parties to the bill of the fact of dishonour, and a demand is made for immediate payment. Any balance which stands to the credit of the customer may be held against the bill in part payment.

**PATCHOULI.**—A powerful perfume prepared from the dried branches of an Eastern plant known as *Pogostemon Patchouli*. It has long been used in India for scenting tobacco and as a perfume for the hair, but it was not introduced into England until about the middle of the eighteenth century.

**PATENT AGENT.**—This is a person who professes to possess expert knowledge in all matters connected with the granting of letters patent. The Act of 1907 deals with such a person in Sections 84 and 85, which are here set out *in extenso*—

"84. (1) A person shall not be entitled to describe himself as a patent agent, whether by advertisement, by description on his place of business, by any document issued by him, or otherwise, unless he is registered as a patent agent in pursuance of this Act or an Act repealed in this Act.

(2) Every person who proves to the satisfaction of the Board of Trade that prior to the 24th day of December, 1886, he had been *bona fide* practising as a patent agent shall be entitled to be registered as a patent agent in pursuance of this Act.

(3) If any person knowingly describes himself as a patent agent in contravention of this Section, he shall be liable, on conviction under the Summary Jurisdiction Acts, to a fine not exceeding £20.

(4) In this Section 'patent agent' means exclusively an agent for obtaining patents in the United Kingdom.

"85. (1) Rules under this Act may authorise the Comptroller to refuse to recognise as agent in respect of any business under this Act any person whose name has been erased from the register of patent agents, or who is proved to the satisfaction of the Board of Trade, after being given an opportunity of being heard, to have been convicted of such an offence, or to have been guilty of such misconduct as would have rendered him liable, if his name had been on the register of patent agents, to have his name erased therefrom, and may authorise the Comptroller to refuse to recognise as agent in respect of any business under this Act any company which, if

it had been an individual, the Comptroller could refuse to recognise as such agent.

"(2) Where a company or firm acts as agents, such rules as aforesaid may authorise the Comptroller to refuse to recognise the company or firm as agent, if any person whom the Comptroller could refuse to recognise as an agent acts as director or manager of the company or is a partner in the firm.

"(3) The Comptroller shall refuse to recognise as agent in respect of any business under this Act any person who neither resides nor has a place of business in the United Kingdom or the Isle of Man."

**PATENTEE.**—The person to whom a patent is granted.

**PATENTS.**—When a person has invented something which is novel, ingenious, and useful, he may, by taking certain specified steps, obtain for himself a monopoly for a limited period, during which he is able to recoup himself for his trouble and expense in perfecting his work. This is effected by means of the grant of letters patent (*literæ patentes*)—letters "exposed to open view, with the great seal pendant at the bottom, and are usually directed or addressed by the King to all his subjects at large." The form of these letters patent is given as an inset. The law as to patents is now chiefly contained in the Patent Act, 1907, which replaces the various Acts of preceding years. It may be noted that the grant is confined in its effect to the United Kingdom and the Isle of Man.

A patent right is a species of incorporeal property—a *chose in action*. It is a survival of the grant of monopolies by the Crown, which had been so greatly abused until the reign of James I. By the Statute of Monopolies, 1624, their abuses were curtailed, but as it was felt that it would be a discouragement and a hindrance to advance in trade if some special terms were not accorded in favour of an inventor, an exception was made by the Act in favour of grants of privilege, for a certain number of years, "of the sole working or making of any manner of new manufactures within this realm, to the true and first inventor or inventors of such manufactures, which others, at the time of making such letters patent and grants, shall not use: so as also they be not contrary to the law, nor mischievous to the State by raising prices of commodities at home, or hurt of trade, or generally inconvenient."

The principle upon which the exception was permitted has been thus stated: "The right to a patent monopoly of a useful invention is granted on the principle of a compromise or bargain between the inventor and the public. If left to the common law, the inventor would be deprived of the benefit of his invention. If he held a monopoly of it for ever, the public interest would suffer by high prices imposed by him whenever the use of his invention was valuable, and so would be deprived of the advantage of the discovery by other persons. On these grounds the bargain proceeds, by which there is given to the public the full benefit of the discovery, on a fair disclosure of it in its most beneficial shape, and in terms so plain and intelligible that it may be used without danger of useless expense, and without the necessity of farther experiment, and the public, on the other hand, is restrained for a time from interfering with the gains."

There cannot be a patent in a mere idea. The subject-matter must be a manufacture, i.e., some article of value produced by the art and skill of

man. Moreover, the manufacture must be novel and it must possess utility. It must also be a new invention within the realm, and it must not have been communicated to the public. It is to be recollected that an invention is altogether different from a discovery. A discovery is not the subject-matter for a patent unless it is an addition not only to knowledge, but also to known inventions, and produces either a new and useful thing or result, or a new and useful method of producing an old thing or result. As to utility, it has been said that "A very small amount of utility is sufficient to support a patent. Utility, in patent law, does not mean abstract, or comparative, or competitive, or commercial utility, but as applied to an invention, it means that the invention is better than the preceding knowledge of the trade as to a particular fabric, better, that is, in some respects, though not necessarily in every respect. For instance, an invention is useful by which an article good, though not so good as one previously known, can be produced more cheaply by a different process. And an invention is useful when the public are thereby enabled to do something which they could not do before or to do in a more advantageous manner something which they could do before—or, in other words, an invention is patentable which offends the public a useful choice."

A patent may be applied for by any person, and this includes a corporate body, whether he is a British subject or not. And if the actual inventor dies before applying for a patent for his invention, his executor or administrator may make application for the same at any time within six months after the death of the inventor. Two or more persons may apply for a grant of letters patent to them, although only some or one of them are or is the true and first inventor or inventor. A difficulty has arisen on more than one occasion as to who is "the true and first inventor." The legislature has given no definition of such a person, but it has been generally accepted as signifying not only a person who would be generally accounted as such in popular language, but also as including one who has introduced the invention of another person from abroad, or the first person who has obtained a patent when the invention has been made by two or more persons simultaneously. But it must be carefully borne in mind that if an inventor within the realm communicates his invention to another person, that other person cannot obtain a valid patent for it.

Perhaps this question of "true and first inventor" was never better dealt with judicially than by the celebrated Jessel, when he was Master of the Rolls. In the course of a judgment in a case tried in 1876, he made the following observations, which are equally good to-day: "Shortly after the passing of the statute, the question arose whether a man could be called a first and true inventor who, in the popular sense, had never invented anything, but who, having learned abroad (that is, out of the realm, in a foreign country, because it has been decided that Scotland is within the realm for this purpose) that somebody else had invented something, quietly copied the invention, and brought it over to this country, and then took out a patent. As I said before, in the popular sense he had invented nothing. But it was decided, and now, therefore, is the legal sense and meaning of the statute, that he was a first and true inventor within the statute, if the invention, being in other

respects novel and useful, was not previously known in this country—'known' being used in that particular sense, as being part of what had been called the common or public knowledge of the country. That was the first thing. Then there was a second thing. Suppose there were two people, actual inventors in this country, who invented the same thing simultaneously, could either be said to be the first and true inventor? It was decided that the man who first took out the patent was the first and true inventor. Then there was another point. If the man who took out the patent was not, in popular language, the first and true inventor, because somebody had invented it before, but had not taken out a patent for it, would he still, in law, be the first and true inventor? It was decided he would, provided the invention of the first inventor had been kept secret, or, without being actually kept secret, had not been made known in such a way as to become a part of the common knowledge, or of the public stock of information. Therefore, in that case also, there was a person who was legally the first and true inventor, although, in common language, he was not, because one or more people had invented it before him, but had not sufficiently disclosed it."

The first step to be taken in order to obtain a patent is to apply at the Patent Office for the necessary forms of application and statutory declaration. These must be filled in with the utmost care, as it must not be forgotten that if a patent is ever granted irregularly, it may be revoked. The statutory declaration deals with the question of "true and first inventor." The form of application has to be lodged with the Comptroller of Patents, Designs, and Trade Marks. Along with the form of application there must be delivered a "specification," which is, in fact, a description of the invention, accompanied by drawings, samples, specimens, etc., which makes it quite clear what is the nature of the invention, and allows any competent person upon examination to see whether it is a new thing or not. For it is only by permitting a public inspection that it can be ascertained whether the inventor has been anticipated, and if he has, in fact, been anticipated and an objection is raised, letters patent will not be granted to him. Sometimes a man may hit upon some new invention and yet be unable to give a full description of the same. In such a case, he files what is known as a "provisional specification," which is followed up by a "complete specification" within a period of six months, though there may be an extension of one month if good cause is shown and the prescribed fee paid. The power of filing a provisional specification is a great boon to an inventor. By doing so, he protects himself as far as his invention is concerned, whilst if he discovers during the succeeding six or seven months that it is less valuable than he anticipated, he can drop the whole thing and his loss will be comparatively small, the fees on the whole amounting to only £4. On the other hand, he may improve his invention enormously; and then he is able by means of the complete specification to secure all the advantages to be derived from his skill and extra labour, without going to any extra trouble in securing his legal rights to the patent for his invention.

When the application and the specification have been filed, the same are referred to an examiner—an official appointed by the Board of Trade—and he reports upon the matter. Moreover, the fact of the acceptance of the complete specification must

be advertised, so that any person may make an examination of the same, with a view to ascertaining whether the invention is really a new thing, and whether it is the result of the work of the person who claims to be the inventor, or whether he has obtained it from some other person. Two months are allowed within which to raise an objection to the patent being granted, and the objector must state fully and clearly the grounds upon which he is opposed to the grant asked for by the person applying for the letters patent. The chief grounds of objection are: (1) That the applicant obtained the invention from the opposer or from some one whose legal representative he is, (2) that the invention is already patented; (3) that the invention is not that described in the preliminary specification; and (4) that an application has been made for a patent in respect of a similar invention. If the examiner makes a favourable report, and the opposition, if any, to the grant of the letters patent is unsuccessful, a patent is granted to the applicant in the form set out in the inset, authenticated by the seal of the Patent Office. The patent is dated and sealed as of the day of application. No proceedings, however, can be taken in respect of an alleged infringement of a patent before the complete specification has been published.

It is almost unnecessary to state that no patent will ever be granted in respect of an invention which is clearly one of a character which is contrary to law or morality. And, further, if a patent has been granted in due course, but still any allegation of fraud is successfully raised in respect of it, the grant may be revoked.

The applicant may use and publish his invention at any time after the acceptance of his application, without prejudicing his rights in any way. He obtains what is called "provisional protection," which has the effect of protecting him against the consequences of his own publication. And it has been provided since the passing of the Act of 1883, that the rights of an inventor shall not be affected by the exhibiting of his invention at an industrial or an international exhibition in the United Kingdom prior to his application for a patent, upon his giving notice to the Comptroller of his intention to do so, provided that the application itself is not delayed beyond six months from the date of the opening of the exhibition. Since 1886 the same protection has been extended to an inventor who exhibits his invention abroad, and in this latter case the necessity of the notice of the intention to apply for a patent is dispensed with.

It must be obvious from what has been already stated that there are many points in connection with the grant of letters patent which demand expert knowledge, and no person who has an invention of any value would dream of applying for a patent on his own account. The proper method is to employ the services of a patent agent (*q.v.*).

As already stated, the patent is dated with the date of the application, and lasts for fourteen years. But the extension beyond four years is entirely dependent upon the payment of certain fees. In every case a fee of £1 must be paid when the application and the provisional specification are left with the Comptroller. There is, then, a further sum of £3 to be paid when the complete specification is lodged, and, under the Act of 1907, an additional £1 upon the sealing of the patent. This gives a total of £5, which is the whole amount demanded from the patentee during the first four years of the

existence of his patent. If he wishes to extend this period—and his decision will certainly depend upon the chances of success attending the working of the invention—certain additional fees are payable yearly in advance for the following year, and unless these are paid the patent lapses.

The fees are as follows:

|                       |          |     |
|-----------------------|----------|-----|
| Before the end of the | 4th year | £5  |
| " " "                 | 5th "    | £6  |
| " " "                 | 6th "    | £7  |
| " " "                 | 7th "    | £8  |
| " " "                 | 8th "    | £9  |
| " " "                 | 9th "    | £10 |
| " " "                 | 10th "   | £11 |
| " " "                 | 11th "   | £12 |
| " " "                 | 12th "   | £13 |
| " " "                 | 13th "   | £14 |

It is easy to remember these figures, as the amount to be paid for each year—before the commencement of the year—is the number of pounds corresponding to the number of the year during which it is desired that the patent shall continue to be in existence. It will be seen that the payments amount to exactly £100 if the patent is kept up for the full period of fourteen years. These figures have been fixed by the Board of Trade and are less than those actually authorised as a maximum by the Act of 1907. It is clear, therefore, that they are liable to alteration.

This period of fourteen years may, under certain circumstances, be extended even up to an additional fourteen years. But a strong case will be required in order to gain any extension at all. The chief grounds for granting any prolongation of the existence of a patent are the insufficient remuneration of the patentee for his skill. In order to obtain an extension it is necessary to present a petition to the High Court of Justice in a prescribed manner. Formerly the petition had to be presented to the Privy Council. Each application will depend upon its own peculiar merits, and no extended grant will be obtained unless the fullest information is given to the court.

A register is kept at the Patent Office, and in it are entered all particulars as to patents, the names and addresses of the grantees, notifications of assignments and transmissions, of licences, of amendments, extensions, and revocations, and of such other matters as affect their validity and ownership. The register is open to public inspection, and certified copies of any entries can be obtained. Any person who considers that he is aggrieved by an entry in the register may apply to the court for its rectification.

A patentee may assign his patent absolutely, or may limit the same to any part of the United Kingdom or the Isle of Man. Although it does not appear to be necessary that the assignment should be made by deed, it is the common practice to use a deed not only for an assignment, but also for a licence. An absolute assignee may apply for an extension of a patent, but no such application will be entertained if the assignee alone, and not the original inventor, is the person who is to be benefited thereby.

The patentee is entitled, during the time that his patent is in force, to the sole rights and profits arising from the invention which he has patented. In any case of infringement there is a remedy by an action of an injunction to restrain the infringer from further interference with the rights of the

man. Moreover, the manufacture must be novel and it must possess utility. It must also be a new invention within the realm, and it must not have been communicated to the public. It is to be recollected that an invention is altogether different from a discovery. A discovery is not the subject-matter for a patent unless it is an addition not only to knowledge, but also to known inventions, and produces either a new and useful thing or result, or a new and useful method of producing an old thing or result. As to utility, it has been said that "A very small amount of utility is sufficient to support a patent. Utility, in patent law, does not mean abstract, or comparative, or competitive, or commercial utility, but as applied to an invention, it means that the invention is better than the preceding knowledge of the trade as to a particular fabric, better, that is, in some respects, though not necessarily in every respect. For instance, an invention is useful by which an article good, though not so good as one previously known, can be produced more cheaply by a different process. And an invention is useful when the public are thereby enabled to do something which they could not do before or to do in a more advantageous manner something which they could do before—or, in other words, an invention is patentable which offends the public a useful choice."

A patent may be applied for by any person, and this includes a corporate body, whether he is a British subject or not. And if the actual inventor dies before applying for a patent for his invention, his executor or administrator may make application for the same at any time within six months after the death of the inventor. Two or more persons may apply for a grant of letters patent to them, although only some or one of them are or is the true and first inventor or inventor. A difficulty has arisen on more than one occasion as to who is "the true and first inventor." The legislature has given no definition of such a person, but it has been generally accepted as signifying not only a person who would be generally accounted as such in popular language, but also as including one who has introduced the invention of another person from abroad, or the first person who has obtained a patent when the invention has been made by two or more persons simultaneously. But it must be carefully borne in mind that if an inventor within the realm communicates his invention to another person, that other person cannot obtain a valid patent for it.

Perhaps this question of "true and first inventor" was never better dealt with judicially than by the celebrated Jessel, when he was Master of the Rolls. In the course of a judgment in a case tried in 1876, he made the following observations, which are equally good to-day: "Shortly after the passing of the statute, the question arose whether a man could be called a first and true inventor who, in the popular sense, had never invented anything, but who, having learned abroad (that is, out of the realm, in a foreign country, because it has been decided that Scotland is within the realm for this purpose) that somebody else had invented something, quietly copied the invention, and brought it over to this country, and then took out a patent. As I said before, in the popular sense he had invented nothing. But it was decided, and now, therefore, is the legal sense and meaning of the statute, that he was a first and true inventor within the statute, if the invention, being in other

respects novel and useful, was not previously known in this country—'known' being used in that particular sense, as being part of what had been called the common or public knowledge of the country. That was the first thing. Then there was a second thing. Suppose there were two people, actual inventors in this country, who invented the same thing simultaneously, could either be said to be the first and true inventor? It was decided that the man who first took out the patent was the first and true inventor. Then there was another point. If the man who took out the patent was not, in popular language, the first and true inventor, because somebody had invented it before, but had not taken out a patent for it, would he still, in law, be the first and true inventor? It was decided he would, provided the invention of the first inventor had been kept secret, or, without being actually kept secret, had not been made known in such a way as to become a part of the common knowledge, or of the public stock of information. Therefore, in that case also, there was a person who was legally the first and true inventor, although, in common language, he was not, because one or more people had invented it before him, but had not sufficiently disclosed it."

The first step to be taken in order to obtain a patent is to apply at the Patent Office for the necessary forms of application and statutory declaration. These must be filled in with the utmost care, as it must not be forgotten that if a patent is ever granted irregularly, it may be revoked. The statutory declaration deals with the question of "true and first inventor." The form of application has to be lodged with the Comptroller of Patents, Designs, and Trade Marks. Along with the form of application there must be delivered a "specification," which is, in fact, a description of the invention, accompanied by drawings, samples, specimens, etc., which makes it quite clear what is the nature of the invention, and allows any competent person upon examination to see whether it is a new thing or not. For it is only by permitting a public inspection that it can be ascertained whether the inventor has been anticipated, and if he has, in fact, been anticipated and an objection is raised, letters patent will not be granted to him. Sometimes a man may hit upon some new invention and yet be unable to give a full description of the same. In such a case, he files what is known as a "provisional specification," which is followed up by a "complete specification" within a period of six months, though there may be an extension of one month if good cause is shown and the prescribed fee paid. The power of filing a provisional specification is a great boon to an inventor. By doing so, he protects himself as far as his invention is concerned, whilst if he discovers during the succeeding six or seven months that it is less valuable than he anticipated, he can drop the whole thing and his loss will be comparatively small, the fees on the whole amounting to only £4. On the other hand, he may improve his invention enormously; and then he is able by means of the complete specification to secure all the advantages to be derived from his skill and extra labour, without going to any extra trouble in securing his legal rights to the patent for his invention.

When the application and the specification have been filed, the same are referred to an examiner—an official appointed by the Board of Trade—and he reports upon the matter. Moreover, the fact of the acceptance of the complete specification must

contract of pawn or pledge from that of *lien*. A lien on goods gives the holder only a right to retain possession by way of security, but every pledge has necessarily a lien on the goods pledged with him, and, in addition, a conditional right of sale.

A pledge differs from a mortgage in that goods mortgaged become the property of the mortgagee, subject only to the mortgagor's right to redeem, whereas goods pledged remain the property of the pledgor, subject only to the above-mentioned special property of the pledgee.

In the case of a pawn or pledge, there must be an actual or constructive delivery of the article pledged to the pledgee. By constructive delivery of an article is meant the doing of an act which is construed in law as equivalent to an actual delivery, thus delivering to the pledgee the key of a warehouse containing goods is regarded in law as equivalent to actual delivery to him of the goods contained in the warehouse. The delivery of the key is accordingly a constructive delivery of the goods. It is important to remember that the Bills of Sale Acts do not apply to pledged goods in the possession of the pledgee, they apply only to goods which remain in the possession of the original owner (the pledgor or borrower).

If pledged goods come back into the possession of the pledgor, the pledge is *prima facie* determined, but where it is clear that the goods are re-delivered to the pledgor merely for a temporary purpose, the pledgee does not lose his rights under the contract of pledge.

The pledgor cannot give to the pledgee a better title than he himself possesses. Thus if heirlooms are pledged by a tenant for life, and the pledgee sells them to a *bona fide* purchaser because the pledgor failed to redeem in accordance with his agreement, the purchaser acquires no title to them as against the remainderman, *i.e.*, the person next entitled after the death of the pledgor. There is an implied undertaking on the part of the pledgor that he has a good title to pledge the goods, and it is the duty of the pledgee to return them to the pledgor on the discharge of the debt. But if the pledgor has, in fact, no title to the goods and no right to pledge them, the pledgee is not precluded or estopped from delivering them to the true owner. If the goods are in the possession of the pledgee when the debt is discharged, and the pledgee fails to return them immediately to the pledgor, the pledgee becomes a tort-feasor and liable for any loss or damage incurred.

The pledgee must take reasonable care of the article pledged, but he is not answerable for accidental loss (where no negligence can be proved) or for accidental fire. If an animal pledged requires to be exercised in order to keep it healthy and in good condition, the pledgee must give it reasonable exercise; if the pawn deteriorates through being used (*e.g.*, a coat), the pledgee must not make use of it. On the other hand, if moderate use does not injure the pawn, *e.g.*, a book, the pledgee may make use of it. If the pawn (*e.g.*, a cow) is an expense to the pledgee to keep, he may make use of it to a reasonable extent, *e.g.*, he may milk the cow and use the milk in order to indemnify him. If for the expense of keeping it.

A pledgee may sue for the amount of his advance without waiting until he has sold the goods pledged, and after such sale he can sue for the difference between the amount advanced and the proceeds of

the sale. Until actual sale, a pledgor has always the right to redeem his pledge on tendering the amount due, and after a proper tender the property reverts to the pledgor, and he can sue in detinue or trover.

Speaking generally, any valuable thing, provided it is capable of actual or constructive delivery, may be pledged. Thus a man can pledge not only goods and chattels, but choses in actions, such as debentures and negotiable instruments. There are, however, certain things the pledging of which has been prohibited by statute from considerations of public policy, *e.g.*, military arms and equipments and decorations, stores in regimental charge, military pay or pension or pension papers, naval stores, seaman's clothing, public stores, goods, clothing, tools, &c., the property of guardians of the poor, the clothing accoutrements and appointments of the Metropolitan and other Police, and goods or materials entrusted to any person to wash, scour, non, mend, manufacture. The chief statutes dealing with this subject are, 55 Geo. III. c. 137, 2 and 3 Vic. c. 47, 26 and 27 Vic. c. 25, 29 and 30 Vic. c. 109, 32 and 33 Vic. c. 57, and c. 81, 35 and 36 Vic. c. 93 (Pawnbrokers' Act), 38 and 39 Vic. c. 25, and 54 Vic. c. 5. (See also BAILEMENTS, CONTRACT.)

**PAWNBROKERS.**—A pawnbroker is a person who carries on the business of taking goods and chattels in pawn or pledge, and in so far as he makes loans of 40s. or under, he is under certain statutory restrictions and enjoys certain statutory privileges, as provided by the Pawnbrokers' Act, 1872. These statutory restrictions and privileges apply also to loans above £2 and not exceeding £10 in the absence of a special contract between the pawnbroker and pawnier. If a special contract is made for a loan between £2 and £10, the pawnbroker must sign and deliver to the pawnier at the time of the pawning the special contract pawn-ticket, and the pawnier must sign a duplicate, neither of which is subject to stamp duty. With regard to loans above £2 and not above £10 made by special contract, the provisions of the Act apply except so far as they are excluded by the special contract, and the pawnier must have not less than six months within which he is entitled to redeem; but loans above £10 are entirely outside the provisions of the Act, and no person is to be deemed a pawnbroker by reason only of his paying, advancing, or lending on any terms any sum or sums of above £10. It is not intended, in this article, to deal with the rights and duties of pawnbrokers, except in reference to loans of £10 and under.

Every pawnbroker, other than a pawnbroker who was duly licensed on December 31st, 1872, and his executors, administrators, assigns, and successors, must obtain from a magistrate, or a district council, a certificate authorising the grant to him of a licence, but the application for this certificate may not be refused unless (1) the applicant fails to produce satisfactory evidence of good character; or (2) the shop in which he intends to carry on his business as a pawnbroker, or any adjacent place owned or occupied by him, is frequented by thieves or persons of bad character; or, in the case of a first application, (3) he has failed to give the necessary statutory notices of his intention to apply for a certificate. After he has obtained the certificate, he must take out an excise licence, which costs £7 10s. It is dated on the day of issue, and terminates on July 31st, and must be renewed every year. A separate licence must be

taken out and paid for in respect of each pawnbroker's shop kept by the licensee. Every pawnbroker must keep exhibited in large characters over the outer door of his shop his Christian name and surname or names, with the word "pawnbroker." He must also keep in a conspicuous part of his shop, so as to be legible by every person pawning or redeeming pledges, the information that is contained on the statutory pawn ticket.

There are three kinds of pawn tickets—

- (a) For a loan of 10s. or under,
- (b) For a loan above 10s. and not above 40s.; and
- (c) For a loan above 40s.

On tickets for a loan of 10s. or under the following regulations are printed—

*"The Pawnbroker is entitled to charge—*

*"For this Ticket ONE HALF-PENNY.*

*"For PROFIT on each two shillings or part of two shillings lent on this pledge for not more than one calendar month ONE HALF-PENNY, and so on at the same rate per calendar month."*

*"After the first calendar month any time not exceeding fourteen days will be charged as half a month, and any time exceeding fourteen days and not more than one month will be charged as one month."*

*"This pledge must be redeemed within twelve calendar months and seven days from the date of pledging. At the end of that time it becomes the property of the Pawnbroker."*

*"If the pledge is destroyed or damaged by fire the Pawnbroker will be bound to pay the value of the pledge, after deducting the amount of the loan and profit, such value to be the amount of the loan and profit and twenty-five per cent. on the amount of the loan."*

*"If this ticket is lost, mislaid, or stolen, the Pawner should at once apply to the Pawnbroker for a form of declaration to be made before a magistrate, or the Pawnbroker will be bound to deliver the pledge to any person who produces this ticket to him and claims to redeem the same."*

On tickets for loans above 10s. and not above 40s., the regulations applicable to those amounts must be printed, and on tickets for loans above 40s. the corresponding regulations must be printed, but it is not unusual to use one form of ticket for all loans above 10s. containing the printed regulations applicable (1) to loans exceeding 10s. and not exceeding 40s., and (2) to loans exceeding 40s., *e.g.*,

*"The Pawnbroker is entitled to charge—*

*"For this Ticket ONE PENNY*

*"On Loans of above Ten shillings and not above Forty shillings*

*For Profit on each Two shillings or part of Two shillings lent for not more than one calendar month ONE HALF-PENNY, and so on at the same rate per calendar month. After the first calendar month, any time not exceeding fourteen days will be charged as half a month, and any time exceeding fourteen days, and not more than one month will be charged as one month."*

*"On Loans of above Forty shillings*

*For Profit on each Two shillings and sixpence or part of Two shillings and sixpence lent for every calendar month or part of a calendar month, ONE HALF-PENNY*

*"If this pledge is not redeemed within twelve calendar months and seven days from the day of pledging, it may be sold by auction by the pawnbroker, but it may be redeemed at any time before the day of sale. Within three years after the sale the Pawner may inspect the account of the sale in the Pawnbroker's books on payment of One Penny and receive any surplus produced by the sale. But deficit on sale of one pledge may be set off by the Pawnbroker against surplus on another."*

Then follow the provisions with regard to loss or damage by fire and loss of pawn ticket, as on tickets for loan of 10s. or under.

The pawnbroker must keep books showing, in respect of each pledge, the name and address of the pawner, the name and address of the owner if other than the pawner, the list of articles pawned as described on each ticket, the number of the pledge, the amount of loan, the profit charged, and the date of redemption.

**Unredeemed Pledges.** Any pledge pawned for an amount exceeding 10s. can be redeemed until it is actually sold. When disposed of by a pawnbroker, it must be sold by public auction, but the pawnbroker may bid for and purchase at the auction, and he thereby becomes the absolute owner. The pawnbroker must keep a list of the pledges sold by auction, together with the date of, and amount realised by, the sale.

The holder for the time being of the pawn ticket is presumed to be the person entitled to redeem the pledge, and the pawnbroker is bound to deliver the pledge to him on payment of the loan and profit. If, however, a person who claims to be the owner of a pawn ticket alleges that it has been mislaid, lost, stolen, or fraudulently obtained from him, he can, in accordance with the regulations indorsed on the pawn ticket, apply to the pawnbroker for the statutory form of declaration. This declaration has to be sworn before a magistrate or a Commissioner for Oaths, and consists of two parts: (1) A statement that the goods pledged are the property of the declarant, that he received a pawn ticket for them, which ticket has been stolen or lost as the case may be, and that it has not been sold or transferred by the declarant to any one; and (2) a statement by an independent person identifying the declarant. This declaration, when duly filled up and sworn, must be returned to the pawnbroker within three days (excluding non-business days), and he is thereupon bound to deliver up the pledge on payment of the loan and profit, in all respects as if the declaration were the pawn ticket. When he has given out the form of declaration, the pawnbroker has the right and, in fact, is obliged, until the declaration is returned or until the expiration of the third day after it was given to the intending declarant, to refuse to deliver the pledge to any one, even if he produces the pawn ticket. If the declaration is, in fact, untrue, the pawnbroker incurs no risk in handing over the pledge, provided he had no notice, either actual or constructive, that it was false or fraudulent in any material particular.

A similar form of declaration is used when goods have been wrongfully pawned, and the true owner desires to recover them. He must make the declaration before a magistrate or Commissioner for Oaths, and must state that the goods claimed are his property, and he must give the name and address of the pawnbroker with whom he believes they are pledged. This declaration, like the other, must also

contain an identification clause, *i.e.*, a statement by an independent person that he knows the declarant.

The pawnbroker or pledgee has no better title to the goods pledged than that possessed by the pawnor, and the true owner can recover from the pawnbroker goods that have been unlawfully pledged. But an action at law often takes a long time, and accordingly a magistrate has been given summary powers of ordering restitution to the true owner in the following cases—

(1) Where a person is convicted of knowingly and designedly pawning with a pawnbroker the property of another person, and without his authority,

(2) When a person is convicted in any court of feloniously taking or fraudulently obtaining any goods or chattels which are pawned with a pawnbroker, and

(3) When it appears that any goods or chattels brought before a court of summary jurisdiction have been unlawfully pawned with a pawnbroker.

In all these cases the court may, if it thinks fit, on proof of the ownership of the goods and chattels, order them to be delivered up to the owner, either on payment to the pawnbroker of the amount of the loan or any part thereof, or without any payment at all, as the court thinks proper, having regard to the conduct of the owner and the other circumstances of the case. This provision often secures an equitable adjustment of a loss between innocent persons, who have been deceived by the fraud and dishonesty of another. The pawnbroker may have taken every precaution in his power, and yet a dishonest person may induce him to advance money on goods which he (the pawnor) has no right to pledge. On the other hand, the true owner may have been negligent in the custody of his chattels, or may have placed unjustifiable confidence in the fraudulent person. In such a case the magistrate may make an order to the effect that the whole of the loss shall not fall upon the pawnbroker. The goods are to be delivered up to the true owner, but the latter must pay to the pawnbroker the whole or some portion of the amount advanced. It must, however, always be remembered that if the true owner prefers to rely on his legal rights, and does not require the magistrate's assistance in order to regain possession of the goods quickly, he can, by bringing an action for the return of his goods, ignore the magistrate's order and recover his goods without paying the pawnbroker any portion of the amount advanced.

A pawnbroker is liable, on conviction before a court of summary jurisdiction, to a penalty not exceeding £10—

(1) If he takes an article in pawn from any person who appears to be intoxicated, or who appears to be under twelve years old. In many places, however, the age limit is sixteen instead of twelve.

(2) If he employs any servant or apprentice who is under the age of sixteen to take pledges in pawn.

(3) If he carries on business as a pawnbroker on Sunday, Good Friday, or Christmas Day, or any day appointed for public fast, humiliation, or thanksgiving.

(4) If he purchases, except at public auction, any pledge while in pawn with him, or suffers it to be redeemed with a view to purchasing it for himself, or sells or disposes of it except as authorised by the Act, or purchases or takes in pawn or exchange a pawnticket issued by another pawnbroker.

A pawnbroker is also prohibited from knowingly

taking in pawn any linen or apparel, or unfinished goods or materials, entrusted to any person to wash, scour, mend, or manufacture. The penalty for this offence is a fine not exceeding double the amount of the loan, and, in addition, the pledge must be returned to the true owner.

Where the owner of any linen or apparel, or unfinished goods or materials, entrusted to any person to wash, manufacture, &c., satisfies a justice that there is reason to believe that they are pawned with a pawnbroker without the authority or privity of the owner, the justice may grant a search warrant empowering a constable to search (and, if necessary, to break open) the premises of the pawnbroker; and the goods, if discovered, can be ordered by the magistrate to be restored forthwith to the owner.

A pawnbroker must, at any time when ordered or summoned by a court of summary jurisdiction, attend before the court and produce all or any of the books and papers relating to his business, which he may be required to produce.

Before the Act of 1872 a pawnbroker, if he committed an offence against any of the statutory regulations (*e.g.*, not having his name up on his shop, not keeping proper books for his business, not filling up the pawnticket with the prescribed particulars, &c., &c.), had no lien on the goods pledged with him, and could not recover from the pawnor the amount of the loan or any part of it, but by the Act of 1872 it is expressly provided that where a pawnbroker is guilty of an offence against the Act (not being an offence with regard to the pawnbroker's licence), a contract of pawn or other contract made by him as a pawnbroker, is not void by reason only of that offence, nor does he lose his lien on or right to the pledge, loan, or profit.

If any one offers an article in pledge and is unable or refuses to give the pawnbroker a satisfactory account of how he became possessed of it, or if he wilfully gives false information as to whether the property is his own or not, or as to the name and address of himself or the true owner, or if he seeks to redeem a pledge without being entitled to do so, or if he offers an article in pledge which the pawnbroker reasonably suspects has been stolen or illegally or clandestinely obtained, or if he offers or offers a pawnticket which the pawnbroker reasonably suspects to have been forged or altered, the pawnbroker may seize and detain the pawnor and the pledge (or ticket), or either of them, and must thereupon deliver them to a constable, who must bring them before a magistrate. (See also PAWNBROKERS, FACTORS, FACTORS' ACTS.)

**PAWNEE or PLEDGEE.**—The person who takes any article in pawn or pledge, or with whom such article is deposited.

**PAWNER or PLEDGOR.**—The person who deposits an article with a pawnee or pledgee by way of security for a loan.

**PAYABLE AS PER INDORSEMENT.** These words are sometimes put forth on bills of exchange which are drawn, for example, in this country and are payable abroad. The rate of exchange at which such bills are first negotiated is indorsed on the bill, and this constitutes the rate at which the same are payable. Instead of "payable as per indorsement," the words "exchange as per indorsement" are sometimes used.

**PAY DAY.**—This is the said day of the settlement of the London Stock Exchange, when the cash for a stock or share transaction is required over



by the purchaser to the seller and when differences are settled. This day is also known as the settling day. In the case of most stocks, pay days occur twice a month, but an exception is made in the case of Consols, when the pay day is once a month only.

**PAYEE.**—Every bill of exchange must be made payable to some person, and this person is called the payee. If a bill is drawn by A and accepted by B, it may be made payable in various ways—either to C, a third person, or to A, the drawer, or to bearer. A bill may be drawn payable to, or to the order of, the drawee, and it will then be addressed “Pay to your own order.” This is a rare occurrence, and can only happen when the drawee is a person acting in two different capacities, e.g., if he is in business on his own account, and also is acting as agent for some other person interested in the bill. But such a bill cannot be enforced until the drawee has indorsed it away.

**Must be Designated.** The payee must be named or otherwise indicated in the bill with reasonable certainty. It is not absolutely essential, however, that he should be described by name. Thus, the payee may be denoted as the “Treasurer of the X Society.” And extrinsic evidence is always admissible to identify a payee thus designated, if there is any doubt as to his identity. The Bills of Exchange Act itself provides that a bill may be made payable to the holder of an office for the time being. So again, a bill is not invalid because the name of the payee is misspelt, or the payee wrongly designated. In indorsing such a bill, however (and the payee's name must be indorsed to make him liable upon the instrument), the payee should indorse the bill by the name by which he is described and afterwards add his proper signature. Thus, a bill is made payable to Thomas Smythe, whereas the correct name of the payee is Thomas Smith. The proper indorsement is: “Thomas Smythe, Thomas Smith.” It is not quite certain how a married woman, supposing that she is the payee of a bill of exchange, should indorse it, if it is made payable in some such form as “Mrs. Alfred Johnson.” The practice is to indorse such a bill “Mary Johnson, wife (or widow) of Alfred Johnson.” In the case of a cheque, which is a bill of exchange, if it is drawn payable to “Mrs. Jones,” a banker will refuse, generally, to accept an indorsement, “Mrs. Jones.” The payee must indorse “M. Jones,” or “Mary Jones,” or some such similar name. As to a bill made payable to the holder of any office, the correct method of indorsing the bill is to sign with the name of the person, and to add the name of the office which he holds. Thus, if a bill is drawn payable to “The Treasurer of the X Society,” the correct indorsement is “A.B., Treasurer of the X Society.” If the amount of the bill is not to be personally received by the treasurer, he should add the words *sans recours (qv)*. But although an incorrectly described payee may be identified, no evidence is admissible to show what payee is intended when a blank space is left as “Pay \_\_\_\_\_, or order.” Such a bill is construed as a bill payable to the order of the drawer, and it is the drawer who must indorse it away.

**Alternative Payee.** A bill may be made payable to two or more payees jointly, or it may be made payable in the alternative to one of two, or one of some several payees. Although, therefore, alternative acceptors are not permissible, alternative

payees may be. If the payees are named jointly, all of them must indorse the bill in order to effect a valid transfer of it, unless, of course, they are partners in business, and one of them has authority to indorse for the whole; if they are named in the alternative, the indorsement of any one or more of them will be sufficient to pass the bill. But in the last-named case those persons alone will be liable upon the bill whose names are indorsed thereon.

**Capacity of Payee.** It is always advisable that every party whose name appears upon a bill of exchange should have capacity to contract. (See BILL OF EXCHANGE.) But the matter is not so important in the case of the payee as in that of the drawer or the acceptor. If a bill is made payable to an infant or to a corporation which is incapable of contracting, the bill is not invalid. Either the infant, or the corporation by its proper officer, can indorse the bill and transfer it to another party, and such party will not be at all prejudiced by the fact that the bill has passed through the hands of and been indorsed by a person not possessing contractual powers. He will be able to sue the acceptor or the drawer if he so wishes, but he has no remedy at all against the payee.

**Existence of Payee.** For convenience in business, a drawer and an acceptor are precluded from denying certain facts connected with bills of exchange. As far as the payee is concerned, neither of them can deny his existence, nor his capacity to indorse at the time of the drawing or the acceptance of the bill. This is because in all ordinary cases the name of the payee will be inserted in the bill before the time of the drawing or the acceptance, and the act of signing a document containing the name is a sufficient acknowledgment of the existence and the capacity of the payee. But the genuineness and validity of the indorsement of the payee is a different matter and in an action on the bill either the drawer or the acceptor is at liberty to adduce evidence to show that the indorsement is forged or irregular. “Where the payee is a fictitious or non-existing person, the bill may be treated as payable to bearer.” The insertion of the name of a fictitious or non-existing (e.g., dead) person is altogether different from the misspelling of a name or the giving of a wrong description of a person. If such a name is inserted, the bill is payable to bearer, and (as is the case with all bills and cheques payable to bearer) the bill then requires no indorsement. In many cases it is easy to tell who is a fictitious or a non-existing person, e.g., Robinson Crusoe, or Napoleon I. But a wider meaning has been given to this Section by the decision of the House of Lords in the leading case of *Bank of England v. Vagliano*, 1891, App. Cas. 107. In that case a firm of the name of Petridi carried on business at Constantinople, and a person named Vucina was in the habit of drawing bills upon Vagliano payable to the order of Petridi. A clerk in the employ of Vagliano forged a number of bills, making Vucina the drawer and Petridi the payee, and procured genuing acceptances of Vagliano to the same. He afterwards forged the indorsement of Petridi, making it an indorsement to a non-existing person, took the bills to the Bank of England, and received payment across the counter. When the forgeries were discovered, a question arose as to who was to bear the loss involved—the Bank, or Vagliano.

(FORM OF LETTERS PATENT)

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith: To all to whom these presents shall come greeting:

WHEREAS John James, of 236 Short Street, Longtown, in the County of Whiteshire, Engineer, hath by his solemn declaration represented unto us that he is in possession of an invention for "Improvements in spring buffers," that he is the true and first inventor thereof, and that the same is not in use by any other person to the best of his knowledge and belief:

And whereas the said inventor hath humbly prayed that we would be graciously pleased to grant unto him (hereinafter together with his executors, administrators, and assigns, or any of them, referred to as the said patentee), our royal letters patent for the sole use and advantage of his said invention:

And whereas the said inventor hath by and in his complete specification particularly described the nature of his invention:

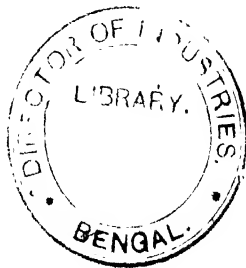
And whereas we being willing to encourage all inventions which may be for the public good, are graciously pleased to condescend to his request.

Know ye, therefore, that we, of our especial grace, certain knowledge, and mere motion, do by these presents, for us, our heirs and successors, give and grant unto the said patentee our especial licence, full power, sole privilege, and authority, that the said patentee by himself his agents, or licensees, and no others, may at all times hereafter during the term of years hereinafter mentioned, make, use, exercise and vend the said invention within our United Kingdom of Great Britain and Ireland, and Isle of Man, in such manner as to him or them may seem meet, and that the said patentee shall have and enjoy the whole profit and advantage from time to time accruing by reason of the said invention, during the term of fourteen years from the date hereunder written of these presents: and to the end that the said patentee may have and enjoy the sole use and exercise and the full benefit of the said invention, we do by these presents for us, our heirs and successors, strictly command all our subjects whatsoever within our United Kingdom of Great Britain and Ireland, and the Isle of Man, that they do not at any time during the continuance of the said term of fourteen years either directly or indirectly make use of or put in practice the said invention, or any part of the same, nor in anywise imitate the same nor make or cause to be made any addition thereto or subtraction therefrom, whereby to pretend themselves the inventors thereof, without the consent, licence or agreement of the said patentee in writing under his hand and seal, on pain of incurring such penalties as may be justly inflicted on such offenders for their contempt of this our Royal command, and of being answerable to the patentee according to law for his damages thereby occasioned: Provided that these our letters patent are on this condition, that, if at any time during the said term it be made to appear to us, our heirs, or successors, or any six or more of our Privy Council, that this our grant is contrary to law, or prejudicial or inconvenient to our subjects in general, or that the said invention is not a new invention as to the public use and exercise thereof within our United Kingdom of Great Britain and Ireland, and Isle of Man, or that the said patentee is not the first and true

inventor thereof, within this realm as aforesaid, these our letters patent shall forthwith determine and be void to all intents and purposes, notwithstanding anything hereinbefore contained: Provided also, that if the said patentee shall not pay all fees by law required to be paid in respect of the grant of these letters patent, or in respect of any matter relating thereto at the time or times and in manner for the time being by law provided: and also if the said patentee shall not supply or cause to be supplied, for our service all such articles of the said invention as may be required by the officers or commissioners administering any department of our service, in such manner, such times, and at and upon such reasonable prices and terms as shall be settled in manner for the time being by law provided, then, and in any of the said cases, these our letters patent, and privileges and advantages whatever hereby granted, shall determine and become void, notwithstanding anything hereinbefore contained: Provided also, that nothing herein contained shall prevent the granting of licenses in such manner and for such considerations as they may by law be granted. And lastly, we do by these presents for us, our heirs and successors, grant unto the said patentee that these our letters patent shall be construed in the most beneficial sense for the advantage of the said patentee. In witness whereof we have caused these our letters to be made patent this \_\_\_\_\_ of \_\_\_\_\_, one thousand nine hundred and \_\_\_\_\_, and to be sealed as of the \_\_\_\_\_ day of \_\_\_\_\_, one thousand nine hundred and \_\_\_\_\_.

L.S.

(Seal of Patent Office.



Apart from the question of estoppel, which does not affect the present point, the case turned upon the meaning of the word "fictitious," and it was held that a fictitious or non-existing person included a real person who never had nor was intended to have any right to the bills, and that as the name of Petridi was inserted as payee by way of pretence merely, and with no intention that the firm should ever have any rights in the bills, the bills were payable to bearer, and the Bank was perfectly correct in treating them as such and paying the money over the counter to the bearer.

**Payee same Person as Drawer.** When a bill is drawn to the order of a drawer, the drawer is also the payee, and he must indorse the bill before it can be negotiated. And when a bill is drawn without any name being inserted as payee, and is negotiated, not only may the drawer indorse it as being payable to himself, but any holder for value may insert his own name in the blank and sue upon the bill. Of course, if there is no name of a payee inserted, there must be a blank left for such name, otherwise the instrument would not be a bill of exchange.

**Bearer Bills.** All bills which are not payable to a specified person, or to a person who cannot be identified, are bills payable to bearer (*q.v.*). A bearer may or may not become a party to the bill. There is no necessity, in order to render the bill transferable, that he should indorse it, and unless his name appears thereon he cannot be sued in case the bill is dishonoured, nor can he be sued upon the consideration in respect of which he transferred the bill, unless either the bill was given in respect of an antecedent debt, or it appears that the transfer was not intended to operate in full and complete discharge of such liability.

**Liability of Payee.** The liability of the payee of a bill who indorses it is the same as that of any indorser of the drawer, if the acceptor fails to pay at maturity. In the absence of any indorsement by him, the payee is not liable upon the bill. (See *SPEAKER*.)

**Payee of Cheque.** The payee of a cheque is the person in whose favour the cheque is drawn. In most respects the rules applicable to bills are also applicable to cheques. Thus, if the payee is specially designated, and the cheque is made payable to him or to his order, the payee must indorse the cheque in order to obtain payment from the banker upon whom it is drawn, or to negotiate it. In every other case, the cheque is payable to bearer. It is well known that in the forms of cheques issued by bankers, payment is directed to be made "to order" or "to bearer." The latter never require indorsement by the holder in order to pass the property in them, nor do the former unless the payee is distinctly identified. It has been asserted that an order cheque in which the payee is "Rent," "Good," "Wages," or anything similar, is a cheque payable to bearer. But this seems doubtful. The best way of treating it is as a cheque payable to the order of the drawer. As in the case of a bill, if the payee is a fictitious or non-existing person, the cheque made so payable is payable to bearer. The cases on the fictitious payee of a cheque are somewhat conflicting, and the peculiar circumstances of each case must play great part in deciding who is and who is not a fictitious person. Where a payee is dead, his executors, or administrator, may indorse and

negotiate the cheque, and the indorsement should show the capacity in which the indorsement is made. In French and German law, the payee must always be named;—payable to bearer is not legal.

**PAYER.**—The person who actually pays money, or the person or firm by whom a bill of exchange or a promissory note is paid.

**PAYING BANKER.**—The banker who actually provides the cash required to meet cheques, bills, etc. As far as a cheque is concerned, the paying banker is he upon whom the cheque is drawn. As to a bill of exchange, the paying banker is he at whose office a bill is accepted and made payable, and who actually pays it, whether to the holder of the bill or to a collecting banker.

**PAYING-IN SLIPS.**—These slips, which are also called credit vouchers, are the forms which are filled up by the person paying money into the bank, and indicating the amount of gold, silver, copper, notes, bills, and cheques which are paid in to the credit of a customer's account at his bank. Each slip should be signed by the customer, or the person who has prepared it on the customer's behalf. The name of the account should be distinctly stated, and the date should be the actual date on which the money is paid in. Any alterations should be duly initialed by the person who signs the voucher. It is the common practice for the cashier who receives the slip and the amount paid in to initial the voucher, and sometimes he also initials, or stamps with a rubber stamp, a duplicate slip, or, if a book of credit slips is used by the customer, the counterfoil, as an acknowledgment to the customer that the cash, etc., has been duly received. A cashier's initials upon the counterfoil or duplicate voucher do not in any way mean that the cheques and bills included in it are in order. Some banks enter money bills on the same slips as cash and cheques, but it is much better to enter them on a separate form.

Credit slips vary somewhat in form. Some are printed lengthways, like cheques, whilst others are printed across the slip.

**PAYMENT BY BILL or CHEQUE.**—When payment of a debt is made by means of a bill which is not payable on demand or at sight, this amounts to an extension of credit, and the person to whom the bill is given in liquidation of a debt cannot sue for the amount until the bill becomes due, whereas in the absence of such a bill the debt can be sued for at once. In fact, during the currency of the bill any remedy for the debt is suspended, and does not arise again until the bill has been dishonoured. But if the bill is not met at maturity, the debt revives immediately (*i.e.*, the creditor can sue for the debt apart from the bill), and where a party who is chargeable upon a bill commits an act of bankruptcy, the holder, although the bill is not yet due, can present a bankruptcy petition upon it. There is little difficulty about the matter when it is the debtor himself who is the acceptor, because immediate recourse can be made to him if he fails to meet the bill when it becomes due. Special caution, however, is necessary when it is an intermediate party who liquidates his debt by transferring a bill of which he is the bearer or the indorsee. Unless he indorses it, he is never liable on the instrument, though he may be sued upon the consideration in case the bill is not paid. If he indorses it, the holder must take care to give the proper notices of dishonour (*q.v.*), otherwise the debtor is released from his liability not only on the

bill, but also on the consideration. When a bill is transferred by mere delivery, there being no indorsement so as to make the transferor personally liable upon the instrument, it is well known that under the Act of 1882 there are certain warranties implied on the part of the transferor. These are, put shortly, that, although he is not liable personally upon the bill, the transferor by delivery warrants that the bill is what it purports to be, that he has the right to transfer it, and that at the time of transfer he did not know it was in any way defective. If, then, payment is not made when the bill arrives at maturity, although the transferor by delivery is not liable upon the instrument, he may be sued as for a breach of warranty, and the measure of damages will obviously be the amount of the bill.

In the case of a transfer by mere delivery, it is important that the rules as to presentment (*qv*) should be strictly observed. For not only is the transferor not liable on the bill itself, but he may escape liability upon the consideration for which the bill was given, unless (1) it was given in respect of some antecedent debt, or (2) the transfer was not intended to operate as a discharge of his liability. (See PRESENTMENT.)

If payment is made by cheque, the debt revives immediately after the dishonour of the cheque on presentation. A cheque, it must be remembered, is legal tender (*qv*), unless it is objected to on the ground of its being a cheque. Thus, A owes B £50. A tenders a cheque for that sum. B says: "I will not take your cheque, I must have cash." In such a case there has been no tender. But if the refusal of the cheque is simply on the ground that the amount is incorrect, there has been a good tender.

Whenever payment of an account is made by cheque, the cheque should be drawn to the order of the creditor, who will then be compelled to indorse it. In case any proceedings at law afterwards became necessary, the production of the cheque is *prima facie* evidence that the debt has been paid.

**•PAYMENT FOR HONOUR.**—When a bill is not paid at maturity by the acceptor, any person may, after the bill has been protested, pay it *suprà protest* for the honour of any person who is liable upon the bill in any capacity.

Section 68 of the Bills of Exchange Act, 1882, which deals with the regulations regarding payment *suprà protest* is as follows:

"(1) Where a bill has been protested for non-payment, any person may intervene and pay it *suprà protest* for the honour of any party liable thereon, or for the honour of the person for whose account the bill is drawn.

"(2) Where two or more persons offer to pay a bill for the honour of different parties, the person whose payment will discharge most parties to the bill shall have the preference.

"(3) Payment for honour *suprà protest*, in order to operate as such and not as a mere voluntary payment, must be attested by a notarial act of honour, which may be appended to the protest or form an extension of it.

"(4) The notarial act of honour must be founded on a declaration made by the payer for honour, or his agent in that behalf, declaring his intention to pay the bill for honour, and for whose honour he pays.

"(5) Where a bill has been paid for honour, all parties subsequent to the party for whose honour it is paid are discharged, but the payer for honour

is subrogated for, and succeeds to both the rights and duties of, the holder as regards the party for whose honour he pays, and all parties liable to that party.

"(6) The payer for honour, on paying to the holder the amount of the bill and the notarial expenses incidental to its dishonour, is entitled to receive both the bill itself and the protest. If the holder do not on demand deliver them up he shall be liable to the payer for honour in damages.

"(7) Where the holder of a bill refuses to receive payment *suprà protest*, he shall lose his right of recourse against any party who would have been discharged by such payment."

(See ACCEPTOR FOR HONOUR.)

**PAYMENT OF BILL.**—(See DISCHARGE OF BILL.)

**PAYMENT OF CHEQUE.**—(See DISCHARGE OF BILL.)

**PAYMENT STOPPED (CHEQUES).**—A cheque is an order upon a banker for payment of a certain sum, and must be made by a customer of the bank. The customer has always the right to rescind the order, and if he does so the banker is bound to act upon it and to refuse payment to any person who presents the cheque. The notice must be given to the particular branch of the bank at which the customer keeps his account. A notice of stoppage to any other bank is entirely inoperative. It is always advisable that the notice of stoppage of payment should be made in writing, that it should be signed by the drawer, and that it should give full and accurate particulars of the cheque. A cheque of which notice of stoppage has been given is marked "Payment Stopped," or "Orders not to pay" in the top left hand corner by the banker upon whom it is drawn when presented to him for payment.

If a banker pays the amount of a cheque after a notice has been received by him countermanding payment, he will be held responsible for so doing, and must refund the amount to the drawer. As soon as a "stop order," as it is often called, has been received, the banker must take all proper precautions to prevent payment being made, and these will depend entirely upon the particular circumstances connected with his special system of banking.

The drawer of a cheque is the only person who can "stop payment" of it, but bankers often receive notice from the holder of a cheque that it has been lost or stolen. Where notice is received from a holder, he should be requested to obtain at once written instructions from the drawer. If the cheque is presented before a communication is received from the drawer, the banker will be careful to postpone payment till he has heard from the drawer or is otherwise satisfied, particularly if the payee states that it was not indorsed by him before he lost it.

If the cheque which is lost is signed by several persons, a notice from one of them, e.g., one executor, one trustee, a secretary, etc., is usually acted upon by a banker. Where the account is in several names and the lost cheque is signed only by, say, one of the account holders, or by one partner, a notice from any of the other holders or partners is sufficient authority to a banker to justify him in stopping payment of the cheque.

When the drawer wishes to cancel his order to stop payment, it should be done in writing and be signed by him.

When a drawer wishes to stop payment of a cheque, he is entitled to do so during the usual business hours, and if a banker pays a cheque before the commencement of business or after the doors are closed, he incurs the risk of paying a cheque which may be "stopped" as soon as the drawer has the opportunity.

With regard to the stoppage of payment of a cheque by telegram, it has been held that a telegram may reasonably be acted upon to the extent of postponing payment of a cheque pending inquiry, but it is not quite clear that a bank is bound to accept an unauthenticated telegram as sufficient authority upon which to refuse to pay a cheque.

If a banker agrees to pay a cheque, at the request of the holder, by marking or accepting it for payment, or if, in answer to a telegram or a telephone message, he replies that the cheque will be paid, he must pay the cheque when presented. But if, in the meantime, the drawer has stopped payment of it, the banker cannot charge it to the drawer's account. (See MARKED CHEQUE.)

Although a drawer has the right to stop payment of a cheque drawn by him, yet if the payee has negotiated the cheque, any subsequent *bona fide* holder for value can sue the drawer, provided that the cheque was not crossed "not negotiable." (See LOST BILL OF EXCHANGE.)

**PAYMENT STOPPED (NOTES).**—A banker cannot refuse payment of notes issued by himself. A holder for value without notice that the note has been lost or stolen may compel the banker to pay it, but where a note is presented, payment of which has been stopped, a banker should exercise the utmost care and make full inquiries before cashing it.

In this way it may be possible to trace the course of the note since it was lost or stolen, but a *bona fide* holder cannot lose through having possession of it. He is absolutely secure.

The Bank of England makes a charge of 2s. 6d. for registering a notice to stop payment of a note.

**PEACE, COMMISSION OF THE.**—This is one of the several authorities conferred by the commission of assize, giving the judges power to inquire into the crimes committed within the district comprised in the commission. It is practically the same as the commission of oyer and terminer (*qv*).

**PEACH.**—The delicate, juicy fruit of a tree belonging to the order *Rosaceæ*. The smooth variety is known as *nectarine*. The peach tree is of the same genus as the almond, and its leaves and flowers greatly resemble the latter in their odour. The smooth, compact wood is occasionally employed in cabinet making and turnery. The peach tree is grown in all temperate regions, particularly in the United States, which does a large export trade in both the fresh and the tinned fruit. Peaches are also very common in the South of Europe.

**PEAR.**—The fruit of the *Pyrus communis*, of which there are numerous varieties. Pear trees are found in all the temperate regions of Europe and Asia, and they are largely cultivated in the West of England, where a fermented liquor, called *perry* (*qv*), is obtained from the fruit.

**PEARL.**—The valuable gem obtained from various molluscs, of which the principal are known as pearl oysters. Good specimens may also be procured from fresh-water mussels. These molluscs have an iridescent internal lining formed by means of a secretion, and known commercially as mother-of-pearl (*qv*). The pearls themselves are the result

of an irritant, such as a grain of sand or a parasite, which becomes coated over with the nacreous secretion, and assumes a rounded form. In colour, pearls are usually white, but they may be either black or pink, and they vary in value according to their size and purity. Ceylon has long been famous for its pearl fisheries, and so has the Persian Gulf; but pearls may now be obtained also from the West Indies, Australia, and California.

The French are noted for their skill in producing imitation pearls, and the Chinese obtain an artificial product by introducing a foreign substance under the shell of the mussel. This substance then takes the place of a parasite in forming the nucleus of the pearl.

**PECUEUS.**—(See FOREIGN WEIGHTS AND MEASURES—GRIFFIN.)

**PECK.**—This is a dry measure which contains 2 imperial gallons, or 554½ cubic inches. The fourth part of a bushel.

**PEDLARS.**—By the Pedlars Act, 1871, the term "pedlar" includes any hawk, pedlar, petty chapman, tinkler, caster of metal, mender of chairs, or other person, who, without any horse or other beast of burden, travels and trades on foot and goes from town to town, or to other men's houses, carrying to sell, or exposing for sale, any goods, wares, or merchandise or procuring orders for goods, wares, or merchandise immediately to be delivered, or selling or offering for sale his skill in handicraft.

No person is allowed to act as a pedlar unless he is above seventeen years of age, and holds an annual certificate from the chief officer of police of the district in which he has resided for at least one month prior to his application. This police certificate has practically the same effect as a hawk's licence. The cost of it is 5s. In case of refusal of a certificate by the police, the applicant may appeal against the refusal to a court of summary jurisdiction of the district. In order, however, to be heard, notice of the intention to appeal must be given within a week of the refusal on the part of the police.

It is an offence punishable on the first occasion with a fine not exceeding 10s., and on the second occasion with a fine not exceeding £1, to act as a pedlar without a certificate. In default of payment, or in default of distress, *i.e.*, having goods sufficient to cover the fine, an offender can be imprisoned, but without hard labour.

The following are exempt from taking out a certificate—

(1) Sellers of victuals, this term being held to mean anything which constitutes an ingredient in any food consumed by man.

(2) Commercial travellers, or other persons, selling or seeking orders for goods to or from dealers therein, who buy to sell again.

(3) Persons selling or seeking orders for books under a written authority from the publishers.

(4) Persons selling or exposing for sale goods or merchandise in any public mart, market, or fair legally established.

A pedlar must, on demand being made of him, produce his certificate to any constable, or to any justice of the peace, or to any person to whom he offers his goods for sale, or to any person in whose private grounds or premises he happens to be. Lending a certificate and forging the same are offences against the Act of 1871 for which varying penalties are prescribed.

As to the difference between a pedlar and a hawker, see **HAWKERS**.

**PEMMICAN**.—Dried cakes consisting of lean venison, buffalo meat, or beef, which will keep for a long time in a dry place. Pemmican was first used by the North American Indians, but its value as an easily preserved food is now recognised by Arctic explorers, and it has been used on various British expeditions to the Arctic regions.

**PENNY**.—(See **FOREIGN MONIES—FINLAND**.)

**PENNY**.—A bronze coin first issued in 1860. Prior to that date (since 1672) the metal used was copper. The standard weight of a penny is 145.83333 grains troy. Three new bronze pennies weigh exactly 1 oz. avoirdupois. (See **COINAGE**.)

The letter *d*, which indicates a penny, is the initial letter of the Latin word *denarius* (consisting of ten), a Roman coin marked *N*, and consisting of 10 units.

From Saxon times down to 1672 the penny was made of silver. Silver pennies are now issued only as Maundy money (*qv*). The standard weight of a silver penny is 7.27272 grains troy. At one time, silver pennies were frequently cut into halves and quarters to serve for halfpence and farthings.

**PENNYROYAL**.—A species of mint, *Mentha pulegium*, native to Britain, and widely distributed throughout Europe and West Asia. It is used for medicinal and for flavouring purposes.

**PENNYWEIGHT**.—A troy weight, consisting of 24 grains, each grain being equal in weight to a grain of wheat taken from the middle of a well-dried ear of corn. The name is derived from the old silver penny, the weight of which was the same. Twenty pennyweights are equal to 1 troy ounce. The usual contracted form of the word is "dwt."

**PENSION SCHEMES**.—Whilst "too old at forty" is a foolish cry, it is, nevertheless, true that under present economic conditions, men who have grown grey in the service of one employer often find a difficulty in severing their connection with business life even when they feel that the constant application to duty that is called for in a modern commercial undertaking has become too much for them.

The joy of work has ceased to be, and a double difficulty arises. They have been unable to make that provision for old age which is necessary, and, in addition, the employer is faced with the fact that his labour costs are increasing because tried and loyal members of his staff have been unable to maintain output. Again, younger men are kept out of necessary advancement, and the business loses because humanity usually comes before hustle even in the successful business man.

Leaving out of account for the moment the human element, labour can be compared with machinery, which, as every business man is aware, is liable to deteriorate in use and to become less capable of production as time passes. Further, particular kinds of machinery and plant may become obsolescent and it may be necessary to replace such plant by new, up-to-date, and more efficient machines. In the same way, labour in industry and commerce depreciates in value as time goes on, not in any fixed ratio and for many years not to any appreciable extent, but the time inevitably comes for the displacement of the human machine and the installing of a new and up-to-date successor. If, then, the principle of providing for depreciation is justified in the case of machinery and plant, no grave objection can be raised to the principle of providing for depreciation and replacement of old servants of the firm. In other words, by analogy,

it can be shown that the pensioning of staff is as fair a charge against gross profit as is the provision of depreciation. If employers make provision in this respect, the amounts so provided may be viewed as deferred wages and so may be considered an element in the cost of production or distribution.

The economic right to consider provision for pensions as a charge against gross profits has been legalised by the attitude of the Inland Revenue Commissioners. Liberal provision for pensions is now allowed to be charged as a working expense before income tax is assessed, so that the objection cannot be raised that a pension scheme reduces net profits, any more than wise depreciation reduces net profits.

The setting up of a pension or endowment scheme is a wise financial provision. It may involve the immediate outlay of a large sum of money and it may seem to be a heavy and, apparently, useless annual charge, but labour being one of the most costly items in production should be the most efficient factor. If, in a good business, there are a number of employees who have borne the burden of labour for many years and are now incapable of giving efficient service, their retention in the business will be a greater loss than the charge for pension which might have been spread over a series of years. Finally, it may be urged in favour of such schemes that the worker, having in anticipation, provision for old age coupled with a possible provision for premature death, may be more content to remain in the service of a particular employer than would otherwise be the case.

**Nature of Scheme.** The wisdom of instituting staff pensions being conceded, it is next necessary to consider the form which the scheme shall take. There are two methods of procedure: the first and perhaps most common is the contributory idea under which the employee contributes from his weekly wage a part of the cost, the employer providing the balance. The other method is the non-contributory which naturally causes most satisfaction to the employee, and, consequently, in the long run, to the employer. In the non-contributory scheme, the employer makes provision for the whole cost of pensions, but it is wiser that this should be done conditional on the employee doing something to help himself.

**Contributory Schemes.** Contributory schemes are of a variety of classes, varying from a large contribution by the employee and a small one by the employer as in the case of the Manchester Corporation Thrift Fund, where the contribution of the employee is at the rate of 9d. in the £ on wages, and that of the corporation an additional 3d. in the £, the fund being credited with 4 per cent. compound interest on the total contribution; the contributions with interest being paid out at the age of 65, or the employees' contributions only with interest being paid out on previous death or severance of contractual relationship, to a scheme under which every employee is insured by joint contributory premiums, the largest proportion of which is provided by the employer.

**Non-Contributory.** It is, however, to the non-contributory type of scheme that attention is directed. From what has been said to justify the charging of the cost of pensions against the profits of a business, it will follow that a non-contributory scheme has as much justification, from a purely legal and commercial point of view, as a contributory scheme, but the economic aspect may not be

quite the same. Objections may be raised by the employee that any contribution which he may make is tied up until the retiring age, and in case of premature death the contributions will not amount to an insurance, but the representatives of the employee will usually be entitled to a return of his contributions only with interest. It may be urged on behalf of the employee that the money he is called upon to contribute would purchase for him a reasonable insurance which would give to his representatives, that is, his wife and children, a fund of some value on his death. In some cases the contributions are not returnable in the case of death before retiring age, and this fact, although it increases the possible pension in case of survival, tends to make the scheme unpopular. On the other hand, a non-contributory scheme, that is, where the employer provides the whole of the funds, may be labelled an improvident scheme, as where the worker has to forego nothing himself the value of the arrangement is much depreciated.

All the advantages of a contributory scheme can be obtained by laying down conditions withholding the benefits of the pension scheme from every employee who fails to make a reasonable provision for his wife and children in case of premature death; thus, the employee would, as a condition of participating in the pension scheme, take out a policy of assurance on his own life, either in a particular company, in which case he will get the benefits of any arrangement which his employer could make with the company, or he may be left free to choose his own insurance company. This freedom of choice proves of benefit from the psychological point of view. The employee feels that he is untrammelled and that he has a certain control over the money he is investing, whereas, from the practical point of view, where the employer has made special arrangements with an insurance company, freedom of choice is actually disadvantageous.

**Pension or Endowment.** Staff pensions schemes may be based on pure pension principles, a fixed retiring age being selected, or an endowment scheme may be brought into operation. From the point of view of the employer, the endowment scheme has many advantages. Chief amongst these is that in the case of elderly employees who have prematurely become unemployable, retirement may be arranged as soon as the endowment matures, that is, under an endowment scheme the endowment would mature a considerable time before the retiring age, so that without any hardship being inflicted it would be possible for the employer, in a proper case, to retire the employee before the normal age of retirement, thus, if necessary, a man of 54 who has become prematurely aged and unable to carry on his work satisfactorily might be retired without waiting for the normal age of 60 or 65. Should the employee continue in his employment after the maturing of the endowment, the capital sum would accumulate for his benefit for the remainder of his business life. Whether an ordinary pension scheme providing for the payment of an annuity after the age of 65 or some other selected age, or an endowment scheme maturing at an earlier date than the normal retiring age be selected, the question of organisation and management of the fund will arise. In a non-contributory scheme the claim of the worker to a share in the management of the pension fund is not paramount, but as the object of all pensions schemes is to create stability, it is well that where the fund and its management is retained in

the hands of the employer that the employee should have some share in such management.

Generally, however, a large insurance company would be called in, and it is wise to place particulars of the proposed scheme before the actuary of the company. Should the employer desire to retain control of the management, expense will be increased, since a competent person will have to be appointed to advise as to contributions, investments, and scale of benefits, that means that a thoroughly competent actuary would have to be employed by the employer, to advise as to the pension fund. This is not the only disadvantage of self management, and whilst there are certain advantages, the disadvantage far outweigh them. Chief amongst the disadvantages will be that depreciation in investments will fall on the fund and benefits would naturally be reduced, whereas, where the fund is managed by an insurance company, any such loss would be the company's loss, the benefit scale would not vary and premiums once fixed would remain stationary.

Most important of all it should be remembered that whether the company undertakes the management of its own scheme or leaves the matter in the hands of the insurance company, the commissioners of Inland Revenue agree that the company's regular annual contribution to the fund shall be allowed as working expenses in computing assessable liability to income tax. The commissioners have also allowed a grant made on the inauguration of such a fund. The condition always is, however, that the moneys are definitely placed so that no part of them can be used for trading purposes. This means that the moneys would generally be invested outside the business, and at this point the difference between the external management and internal management of the fund is apparent. Where the fund is internally managed any income arising from investments is liable, as the law and practice stand at present, to full assessment, whereas the onus is thrown on to the insurance company where the fund is externally managed.

Whatever scheme is adopted, it is certain that the provision of pensions is to-day a business proposition, and it will be a factor to be carefully weighed when the question of changing employment arises, as it inevitably does with the ambitious worker. The scheme, notwithstanding the attraction it may have in the eyes of the average man, must be carefully thought out, as one of the most common difficulties met with is the refusal of the employee to participate, and the suspicion that is generally thrown on any move by the employer for the benefit of the employee.

We have seen that the ordinary staff pension or endowment scheme will not usually be coupled with an insurance in case of premature death, and that the employee might, as part of his side of the bargain, effect an insurance. It is quite a common scheme in America to arrange for insurance of this kind in bulk, the employer arranging with the insurance company that the wife and children or other next of kin of an employee dying in the service of the firm, should receive from the insurance company a fixed sum, usually equal to a year's wages. Such a scheme is not quite so expensive as it appears and "group insurance" has proved to be a business proposition. The benefits are much greater than ordinary industrial insurance in proportion to outlay, since cost of collection, a large item in industrial insurance costs, is reduced to a



minimum. In choice of a scheme, the employer should be careful to take into consideration the effect of rising salary. All grades of employees will come under the scheme, and it is the hope of every man in the lowest sphere of clerical life that he may some time occupy the position of accountant or secretary, and arrangements for pension should take this into consideration. This is a matter upon which an actuary should be consulted or upon which the insurance company undertaking the business should be asked to advise.

**PEPPER.**—A name applied generally to various pungent condiments such as cayenne pepper, pimento, etc., which are described under their respective headings. Strictly speaking, the word should, however, be confined to the dried berries of the pepper plant, belonging to the order *Piperaceæ*. Black and white pepper are both obtained from the same plant, viz., the *Piper nigrum*, but in the latter case the outer skin of the fruit is removed, (the pepper being thereby rendered less pungent), and chlorine is sometimes used for the purpose of bleaching. The best pepper is imported from Penang and the Malabar coast.

**PEPPERCORN RENT.** When it is desired to develop estates, the lessee is generally anxious to secure a lease upon such terms that he will not be mulcted in heavy payments before the time arrives when he himself will derive substantial benefits from the enterprise. It is the custom for the lessor to agree, in such cases, to take a merely nominal rent during the period of development. At one time it was fixed at a peppercorn, if demanded. The name has now been transferred to a nominal payment of any kind, whatever its character—monetary or otherwise.

**PEPPERMINT.** (See *MINT*.)

**PEPSINE.**—An important constituent of the gastric juice, of which the function is to aid digestion. Its chemical composition is not accurately known. The commercial product appears in the form of an essence, powder, or wine, prepared from the walls of the stomach of the calf, sheep, or pig. Digestive preparations owe their efficacy largely to the presence of pepsine.

**PER ANNUM.**—By the year.

**PER CAPITA.**—(See *PER SHARE*.)

**PERCENTAGE.** The duty, commission, or allowance calculated upon the hundred.

**PERCENTAGE STATEMENT.**—The compilation of a percentage statement affords more exact comparison of results of one period with another, or with the accounts of a similar business than is given by simple comparison of the various items. In the preparation of such a statement the figures are reduced to a common standard, which must first be fixed, the percentages of the cost and various items of expense then being calculated to this denominator. In most businesses this is £100 sales. In production, percentages of raw material and expenses are often taken on value of the finished article, and are also reduced to actual cost on a fixed unit, as in brick-making, per 1,000 bricks, in textile manufacturing, per yard, and in iron-founding, per ton.

Such calculations give a ready means of "guiding" the business, and of ascertaining whether the proper rates of cost and expenses have been maintained, and are especially useful in regard to those items which are of a fluctuating nature. The percentages are usually taken out to two places of decimals, being placed in red ink in the margin of the account

The following example illustrates a profit and loss account, with which a percentage statement is embodied.

### Profit and Loss Account.

Year ending December 31st, 19... , showing  
Percentage on Turnover.

| Dr<br>Percent-<br>age |                 | £        | s | d. | £        | s | d. |
|-----------------------|-----------------|----------|---|----|----------|---|----|
|                       | To Stock—       |          |   |    |          |   |    |
|                       | Jan 1, 19...    | 1,000    | 0 | 0  |          |   |    |
|                       | " Purchases     | 5,500    | 0 | 0  |          |   |    |
|                       | Less            | 6,500    | 0 | 0  |          |   |    |
| 50 00                 | Stock Dec. 31   | 1,500    | 0 | 0  |          |   |    |
|                       |                 |          |   |    | 5,000    | 0 | 0  |
| 1 05                  | " Carriage      |          |   |    | 105      | 0 | 0  |
| 20 50                 | " Wages         |          |   |    | 2,050    | 0 | 0  |
| 2 75                  | " Rent, Rates,  |          |   |    |          |   |    |
|                       | Insurance, &c   |          |   |    | 275      | 0 | 0  |
| 1 50                  | " General Exps. |          |   |    | 150      | 0 | 0  |
| 7 50                  | " Salaries      |          |   |    | 750      | 0 | 0  |
| 1 20                  | " Depreciation  |          |   |    | 120      | 0 | 0  |
| 15 50                 | " Net Profit    |          |   |    | 1,550    | 0 | 0  |
| 100 00                |                 |          |   |    | £ 10,000 | 0 | 0  |
|                       |                 |          |   |    |          |   |    |
|                       |                 |          |   |    | £        | s | d  |
| Percent-<br>age       | 100 00          | By Sales |   |    | 10,000   | 0 | 0  |
|                       |                 |          |   |    |          |   |    |
|                       |                 |          |   |    | £ 10,000 | 0 | 0  |

**PERCENTAGE TABLE.**—All ordinary money calculations are made on the basis of so much per cent, i.e., so much per £100. The following table gives the amount in the £, and from it any percentage calculation for any sum may be made with the utmost facility.

|                          | s  | d                        |
|--------------------------|----|--------------------------|
| $\frac{1}{2}$ per cent = | 0  | 0 $\frac{1}{2}$ in the £ |
| $\frac{1}{4}$ .. =       | 0  | 1 $\frac{1}{2}$ ..       |
| $\frac{3}{4}$ .. =       | 0  | 1 $\frac{1}{4}$ ..       |
| 1 .. =                   | 0  | 2 ..                     |
| 1 $\frac{1}{4}$ .. =     | 0  | 3 ..                     |
| 1 $\frac{1}{2}$ .. =     | 0  | 3 $\frac{1}{2}$ ..       |
| 1 $\frac{3}{4}$ .. =     | 0  | 4 $\frac{1}{2}$ ..       |
| 2 .. =                   | 0  | 4 ..                     |
| 2 $\frac{1}{2}$ .. =     | 0  | 6 ..                     |
| 3 .. =                   | 0  | 7 $\frac{1}{2}$ ..       |
| 3 $\frac{1}{2}$ .. =     | 0  | 9 ..                     |
| 4 .. =                   | 0  | 9 $\frac{1}{2}$ ..       |
| 5 .. =                   | 1  | 0 ..                     |
| 6 .. =                   | 1  | 2 $\frac{1}{2}$ ..       |
| 7 .. =                   | 1  | 4 $\frac{1}{2}$ ..       |
| 7 $\frac{1}{2}$ .. =     | 1  | 6 ..                     |
| 10 .. =                  | 2  | 0 ..                     |
| 12 $\frac{1}{2}$ .. =    | 2  | 6 ..                     |
| 15 .. =                  | 3  | 0 ..                     |
| 20 .. =                  | 4  | 0 ..                     |
| 25 .. =                  | 5  | 0 ..                     |
| 33 $\frac{1}{3}$ .. =    | 6  | 8 ..                     |
| 50 .. =                  | 10 | 0 ..                     |
| 75 .. =                  | 15 | 0 ..                     |

**PERCH.**—In linear measure, this is a length of  $5\frac{1}{2}$  yards. In surface measure, it is the square of  $5\frac{1}{2}$  yards, or  $30\frac{1}{4}$  square yards.

**PER CONTRA.**—A term used in book-keeping and accounts, generally to mean "on the other side."

**PER DIEM.**—By the day.

**PERFUMES.**—The most important perfumes are noticed under their respective headings.

**PER MILLE.**—By the thousand. It is a charge made by bill brokers on the issue of foreign drafts. The abbreviated form, in which it is mostly met with, is ‰. Thus, 5 per thousand is indicated in the following manner: 5 ‰.

**PERILS OF THE SEA.**—A phrase used in maritime insurance policies and bills of lading. It has reference to the damage and accidents likely to be incurred by a vessel on a voyage, the risks of which are taken by the underwriters in the policy.

**PERJURY.**—This offence, which is a misdemeanor, consists in wilfully, corruptly, and falsely swearing, in the course of a judicial proceeding, to some fact which is material to the issue. It is sufficient, according to a great legal authority, if the assertion is one which the assessor does not believe to be true when he makes it, or on which he knows himself to be ignorant. Unless, however, the proceeding is judicial, false swearing will not, in the absence of express provision, amount to perjury, even when the taking of the oath is exacted by Act of Parliament. Perjury is constituted when the witness affirms in a proper manner, and in such a way as is binding upon his conscience, just as though he had taken the oath. In order to support a charge of perjury, two witnesses are generally necessary, or the evidence of one witness must be corroborated in some important particular. The extreme penalty which can be imposed is seven years' penal servitude. There are various false statements and oaths which are punishable by statute, although the same do not amount to perjury. If any person induces or procures another to give false testimony, he is guilty of what is known as subornation of perjury, the punishment for which is the same as for perjury. The law with respect to perjury was consolidated by the Perjury Act, 1911.

**PERMANENT BUILDING SOCIETY.**—A society which has not, by its rules, any fixed date or specified result at which it shall terminate (See BUILDING SOCIETY).

**PERMITS.**—This is used to signify either permissions from a Customs officer to remove goods upon which duty has been paid, or permissions from the Excise to allow goods, subject to Inland Revenue duty, to be removed from one place to another.

**PERPETUAL ANNUITY.**—The right to an annual payment of a certain sum in perpetuity. The purchaser cannot obtain the principal back, but he can sell his right to the annual payment to someone else. (See ANNUITY).

**PERPETUAL DEBENTURE.**—Section 103 of the Companies (Consolidation) Act, 1908, states that a condition contained in any debentures or in a deed for securing any debentures, shall not be invalid by reason only that the debentures are made irredeemable, or redeemable only on the happening of a contingency, however remote, or on the expiration of a period, however long, any rule of equity to the contrary notwithstanding.

Although the debentures may be called irredeemable or perpetual, they are nevertheless redeemable when the company goes into liquidation.

The effect of a debenture of this nature is to grant an annuity in perpetuity to the holder thereof. (See DEBENTURE).

**PERPETUATING TESTIMONY.**—Sometimes it may happen that there is a possible chance of some claim to a title of honour or some claim to an estate being made at a future date, although circumstances are such that no action can be brought as to the matter at the present time. It is also possible, under the condition of things, that there are at present in existence certain persons whose evidence is most valuable, and who may not, owing to the lapse of time, be available when an action comes on for trial. The court will allow such evidence to be taken in advance, if the proper means are adopted. In the first place, the court must be satisfied as to the desirability of taking such evidence. Then an examiner is appointed, who acts as a kind of judge; the witness gives evidence, and he or she is examined and cross-examined in the usual way. Full notes are taken, and the signed evidence is filed. It is thus ready for use at any time if the matter in dispute ever comes so far as to necessitate an action being brought into court.

**PERPETUITY.**—For the preservation of family estates, efforts have been made at various times to tie up the same for an indefinite period, the holder for the time being not having any power to split them up or to dispose of them. This policy was clearly a disadvantage to the community, but the astounding result of permitting an unrestricted right of this kind to exist was not clearly demonstrated until the latter part of the eighteenth century, when the remarkable will of a Mr. Thellusson attracted the attention of Parliament. It is now only possible to tie up estates for well-defined periods, and these are set out in the article on ACCUMULATION.

**PER PROCURATION.**—When a person signs a document as agent or on behalf of another, he prefaces the signature of his principal by the words *per procuration of*, *per pro*, or *p p*, and then adds his own name, meaning that he possesses an authority to sign or to act on behalf of his principal. (Although "per procuration" are the words generally used, this is a clumsy phrase. It is really *per procurationem*, and thus the English ought to be rendered "by procuration.")

By Section 25 of the Bills of Exchange Act, 1882

"A signature by procuration operates as notice that the agent has but a limited authority to sign, and the principal is only bound by such signature if the agent in so signing was acting within the actual limits of his authority."

But, although an agent is not personally liable if he signs for or on behalf of his principal, and clearly indicates that he is signing only in a representative capacity, he cannot escape personal liability if he only adds some such word as agent to his name as descriptive of himself. Thus, if A. B. signs thus: "On behalf of the X. Y. Co., Ltd., A. B.," he is not personally liable, but if he signs, "A. B., agent of the X. Y. Co., Ltd.," he will be personally bound.

The usual form of a *per procuration* signature is—

*per pro* John Jones,  
James Brown.

or  
*p p* John Jones,  
James Brown.

Here John Jones is the principal and James Brown is the agent.

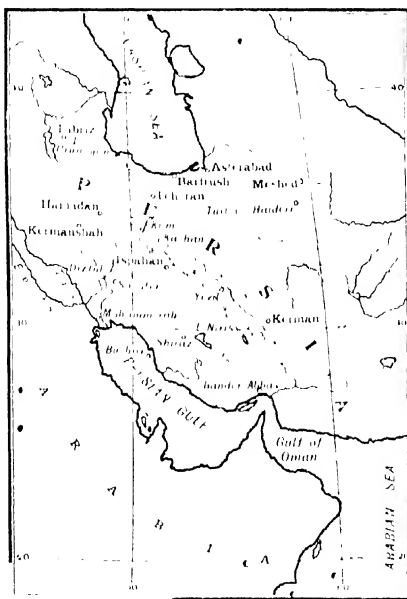
In Scotland, the name of the agent very often precedes the name of the principal, thus—

*James Brown, per pro. John Jones*

**PERQUISITES.**—The fees which are legally allowable for some specific service.

**PERRY.**—A sweet beverage, containing from 5 to 9 per cent of alcohol, prepared from the juice of pears, and sometimes known as pear wine. The same process is adopted as in the case of cider (*q v*), and the manufacture is carried on in the same district, viz., in the Western counties. Perry is used to adulterate cheap champagne, and sometimes it is offered as a substitute for the latter.

**PERSIA.**—**Position, Area, and Population.** Persia is a kingdom of Western Asia, lying between the Caspian Sea and the Persian Gulf. Its area is estimated to be 628,000 square miles, or over seven times that of Great Britain, but its population is only about 9,500,000.



**Coast Line.** Its coast line on the Persian Gulf is fairly regular, and there are few good harbours. Bandar Abbas, Lingah, and Bushire are ports of minor importance. The trade and shipping of the Persian Gulf ports are mainly in British hands.

**Build.** Persia is largely made up of tablelands, rising to heights of 3,500 ft and over. The Zagros Range forms a gigantic frontier wall, while in the north rises the lofty Elburz Range with Demavend (19,000 ft). About one-third of the country is occupied by deserts and saline wastes, considered to be unclaimable and useless. The most fertile tracts include the north and north-west, and the alluvial lowlands at the head of the Persian Gulf. Two rivers only are worthy of mention—the Sindh and flowing into the Caspian, near Enzeli, and the Karun, a tributary of the Shatt-el-Arab, the only navigable river of Persia, and that only for small steamers.

**Climate.** The climate naturally varies according to the locality; but, speaking generally, the winters are intensely cold, and the summers hot over the greater portion of the country. The slopes of the north-west mountains and the Elburz Range receive a rainfall sufficient for ordinary agriculture; it probably varies from 20 to 40 in. and over. At Teheran, the capital, it sinks to 12 in., and in the central region to under 10 in. Irrigation is thus a prime necessity in this "Land of the Lion and the Sun."

**Productions and Industries.** *Agriculture* is important in Persia, and most of the products are of the "Mediterranean" type. Irrigation farming is carried on in most of the country. Wheat, barley, millet, maize, and the vine are produced in the valleys; and cotton, tobacco, and the opium poppy on the plains. Rice, jute, and the sugar cane are grown to a limited extent. Many medicinal and dye-yielding plants are raised, and gums are abundant, tragacanth being specially important. Delicious fruits, such as peaches, oranges, and lemons, flourish in many parts. The date-palm is cultivated in the south and east. Silk is an important product in the Caspian provinces, and in the neighbourhood of Yazd. Shiraz is world-famed for its rose gardens.

**The Pastoral Industry.** The country is in many respects suited to the pastoral industry. Fat-tailed sheep, goats, and camels are reared, and provide raw material for Persian carpets and felted cloth. Fine breeds of horses are reared also.

**The Mining Industry.** Minerals are abundant, but (except petroleum) little worked, owing to distances from ports and markets, poor transportation facilities, and scarcity of fuel and water. Mines of lead and copper have been worked to a limited extent from early times. Persia now supplies a considerable amount of petroleum for the British Navy.

**The Fishing Industry.** The pearl-fishing industry of the Persian Gulf has its centres at Baluch, and other Arab islands and ports. Natives of India control the trade, they take the pearls to Lingah for transport to Bombay.

**The Manufacturing Industries.** Persia is celebrated for its carpets, which are made by hand. The chief districts are Kurdistan, Khorassan, Ferahan, and Kherman. Yazd and Isfahan are noted for woollen felts. Other industries include the making of brass and copper vessels, and inlaid metal and wood work.

**Communications.** The means of communication are very poor in Persia. It lacks navigable rivers and good roads, and has at present only one railway, from Teheran to Shah-Abdul-azim. Traffic must be carried on by caravan, and must generally follow the river valleys. The build of the country will always be a hindrance to trade, and improvements in transport facilities are of prime importance to Persia's commerce. From Bushire a difficult mule-caravan road leads by Shiraz to Teheran, and from Bandar Abbas another difficult route crosses the mountains into the interior. Teheran is also connected with Tabriz, Resht, Isfahan, Yazd, and Kerman by more or less difficult routes. Tabriz is the centre of the caravan trade with Trebizond on the Black Sea, and Kerman controls the overland trade with India. The principal ports are Bandar Abbas, Bushire, and Lingah on the Persian Gulf, and Enzeli, Meshed, Sar, and Bender i Gez on the Caspian.

**Commerce.** The chief exports are silk, cotton,

wool, fruits, gums, opium, carpets, tobacco and petroleum. The principal imports are sugar, tea, wheat, and flour. The main trade is with Russia and the United Kingdom.

**Trade Centres.** There are two distinct classes of people in Persia: (1) The town dwellers (Tapiks) and (2) the nomad pastoralists (Thyats). The chief towns are caravan centres. Teheran (280,000) and Tabriz (200,000) are the most important. Eleven other towns have populations exceeding 30,000.

*Teheran*, the capital, lies on a riverless plain at the base of the Elburz Mountains. It is a great trade centre, and contains the palace of the Shah.

*Tabriz*, the commercial capital, is in the north-west, and is surrounded by well-watered gardens.

*Ispahan* (80,000), the old capital, lies in the centre of Persia. It stands in a productive region, and is an important trade centre.

Other towns are: *Meshed* (capital of Khorassan, trade centre, and a sacred city), *Kerman* (trade centre, and noted for carpets), *Shiraz* (famed for its roses and nightingales), and *Yezd* (trade centre, noted for woollen felts).

Under a recent agreement with Persia, Great Britain obtains a considerable influence in the kingdom, and agrees to supply administrative experts, officers and equipment for a Persian force for the maintenance of order, assistance in railway construction, etc.

Mails are despatched daily to Persia via Russia, and every Friday via Bombay. The time of transit to Teheran is about fourteen days.

**PERSIAN BERRIES.**—The fruit of the *Rhamnus catharticus*, or common buckthorn, from the juice of which a coloring matter is obtained.

**PERSIAN POWDER.**—An insect destroyer obtained from the powdered leaves of the *Pyrethrum carneum* and the *Pyrethrum roseum*, which grow wild in Persia and the Caucasus.

**PERSIMMON.**—Like Date Plum of America. The fruit resembles an ordinary plum. The timber is hard and elastic, and the bark is used medicinally. The name is often applied to other trees of the same genus, including varieties grown in China and Japan, the fruit of which is noted for its size.

**PERSONAL ACCIDENT INSURANCE.**—(See INDemnITY INSURANCE.)

**PERSONAL ACCOUNTS.**—The accounts of persons with whom business is done, i.e., those who give credit and those to whom credit is given, and comprising both ordinary trade creditors and debtors, and also the persons to whom money is lent and those from whom it is borrowed.

Strictly speaking, the cash and bank accounts are personal accounts with the cashier and with the bank respectively.

**PERSONAL CHATTELS.**—(See CHATTELS.)

**PERSONAL ESTATE.**—(See PERSONALTY.)

**PERSONAL SECURITIES.**—Securities which give to the holder of the same a claim upon a person for money advanced or services rendered, and which are not otherwise provided for.

**PERSONAL SECURITY.**—An advance is said to be made upon personal security when another person becomes surety or guarantor for the amount. The term is used to distinguish the security from a deposit of deeds, or certificates of any other form of impersonal security.

**PERSONALTY.**—Property such as money, goods, furniture, stocks, and shares is personal estate, or personality. Leasehold property, even a lease for 999 years, is included in personality (Freehold and

copyhold property is "real estate" or "realty.") When real estate is directed by will to be sold, it is regarded as personality. The benefit of a mortgage is included in personality.

The words used in a will with respect to the disposal of personal property differ from those used in connection with real property. Personality is bequeathed and the beneficiary is called a legatee; realty is devised and the beneficiary is termed a devisee. (See REALTY.)

**PER STIRPES.**—This is a Latin phrase, meaning "by the roots." It is used in contradistinction to another Latin phrase, *per capita*, which means "by the heads." The difference will be made clear by the following example. A man leaves a sum of money to be divided equally amongst his five sons, and if any of them die before the testator, the prospective share of each of the sons who so die is to be divided equally amongst the son's children. These children, then, take amongst them the share which would have fallen to their deceased parent, and not an equal share of the full sum of money left by the testator. The division is made according to the roots, i.e., the five sons, and not according to the number or heads of those who are to share in the beneficence of the testator.

**PERU.**—Position, Area, and Population. Peru lies on the Pacific side of tropical South America, with Ecuador on the north, Brazil and Bolivia on the east, Chile on the south, and the Pacific Ocean on the west. The estimated area is 532,000 square miles, and the estimated population about 5,000,000. Inca Indians (57 per cent.) make up the bulk of the population, and they still speak the old Quichua language. Half-castes are also numerous, and there is a small proportion of Spaniards, Negroes, and Chinese.

**Coast Line.** The coast line, extending from 34° to about 18° south latitude, is fairly regular, and contains no really good harbour.

**Build.** Peru divides into three well-marked zones: (1) The Coast Region, averaging 20 miles in width, consisting of a desert, but with fertile strips, where it is crossed by rivers flowing from the Andes; (2) the Andes Region of valleys and tablelands, drained by the Amazon, and its tributaries, the Huallaga and Ucayali; and (3) the Montaña Region of low-lying, tropical river valleys, with impenetrable Amazonian forests ("selvas"). Lake Titicaca, the largest lake of South America, lies partly in Peru.

**Climate.** The main controlling climatic factors are the latitude, the altitude, and the direction of the winds. The Montaña region receives a very heavy rainfall from the south-east trade winds. But the prevailing wind along the coast is from the south, and coming from a cooler to a warmer region, it deposits no rain; thus the coastal strip is practically rainless. It also experiences very high temperatures; neither altitude nor cool winds temper its heat. The Puna and Titicaca tablelands of average heights exceeding 12,000 ft. are well above the limit of tree growth and of most cereals.

**Products and Industries.** Agriculture in the coast districts is dependent on irrigation; the chief crops are cotton, sugar, maize, rice, tobacco. The vine is successfully grown, and silk culture is being tried in the coast region. Excellent maize is produced, and the potato flourishes in the Andes valleys. There are vast areas of Peru suited to European cereals, but Peru still imports wheat from Chile. Central Peru produces much coffee. On the eastern slopes of the Andes, cocoa, cinchona, coffee,

coca, tobacco, and rubber are raised in large quantities.

**The Pastoral Industry.** On the mountains and tablelands the alpaca and vicuña roam, and their wool provides a source of wealth peculiar to Peru. Sheep and cattle are reared in large numbers.

**The Mining Industry.** The mineral resources of Peru are great, and comprise gold, silver, copper, lead, zinc, nickel, iron, quicksilver, coal, salt, and cobalt. The chief centres are Pasco and Puno (silver), Huancavelica (mercury), Puno and Yauli (copper). Small quantities of guano are obtained from the island of Lobos de Afuera, and some places along the coast. Mining suffers from poor transport facilities, and the most active mining companies are American. Important petroleum deposits have been discovered, and the output is increasing greatly.



**The Manufacturing Industries.** Straw hats are plaited in the north, and at Lima and Cuzco coarse woollen blankets and cloth are woven. Other manufactures include leather, soap, matches, furniture, wines, and olive oil.

**Communications.** Good roads are greatly needed all over the country, and efforts are being directed towards their construction. Pack-mules are largely used for inland trade, and the llama is used on the Andes as a beast of burden. Two railways climb from the coast to the Andes: (1) From Callao through Lima to Oroya, tunnelling the Andes at a height of 15,665 ft., and (2) from Mollendo by the Arequipa Pass (11,660 ft.) to Puno. Electric railways connect Lima with Chorillos and Callao. The Peruvian Corporation works a navigation system on Lake Titicaca and the river Desaguadero. In the forest regions transportation is easy once the navigable rivers are reached, and steamers ply down the Amazon from Iquitos.

**Commerce.** The chief exports are sugar, cotton, wool (llama, vicuña, and sheep), copper, gold, silver, rubber, coffee, and guano. The chief imports are textiles, iron and steel goods, coal, and wood work. Trade is carried on mainly with the United Kingdom, the United States, and Germany. The principal port is Callao.

**Trade Centres.** The trade centres are practically confined to the coast and the Andean plateau. The largest towns are Lima (144,000), Arequipa (35,000), Callao (31,000), and Cuzco (20,000).

**Lima**, the capital, is situated near the base of the coast range, and a few miles from its port, Callao. Other towns are Payta, Eten, Pacasmayo, Chimbote, Pisco, and Mollendo (small ports). Cerro de Pasco and Puno (inland mining centres).

**Iquitos** deserves special mention, as it is becoming an important centre for the rubber industry on the upper tributaries of the Amazon. It is situated close to the junction of the four large rivers, which unite to form the Upper Amazon—the Ucayali, Marañon, Tigre, and Napo. Hence it is the port of outlet and inlet for the products and purchases of the valleys of these rivers and their tributaries.

Mails are despatched by various routes about once a week, and regularly via Southampton once a fortnight. Lima is a little over 7,000 miles distant from London. The time of transit is about thirty days.

**PERU BALSAM.**—The fragrant exudation of a South American tree. The balsam, which is somewhat bitter in taste, resembles molasses in appearance. It is employed medicinally as a remedy for asthma, and is also used in confectionery and perfumery. (See BALSAM.)

**PERUVIAN BARK.**—(See CINCHONA.)

**PESETA.**—(See FOREIGN MONIES—SPAIN.)

**PESO.**—(See FOREIGN MONIES—ARGENTINE, CHILE, COLOMBIA, ECUADOR, MEXICO, PHILIPPINES.)

**PETITION.**—(See BANKRUPTCY PETITION.)

**PETITIONING CREDITORS** (and see BANKRUPTCY PETITION).—Any person who can take proceedings to recover a debt at law or in equity may present a bankruptcy petition. A company or corporate body may do so in the corporate name, even against one of its shareholders, while a liquidator may present a petition in the name of the company. A building society may present a petition signed by its secretary, and the right of the secretary to do so need not be verified by affidavit. The following persons may also petition: An infant by his next friend; an executor who has obtained probate; a trustee in bankruptcy, an alien, if he can sue for the debt, and joint creditors, if they all sign.

A petition will not necessarily be dismissed because the petitioner is the one and only creditor of the bankrupt, nor is the creditor himself the only person entitled to petition. Thus a man who has obtained a valid absolute assignment by writing may present a petition, although the avowed object of the assignment is to enable the assignee to institute bankruptcy proceedings. It has been held that the following persons cannot present a petition: A husband, in respect of a debt due to his wife as administratrix; and a creditor, if the act of bankruptcy on which he relies is one to which he has himself been privy. Thus a creditor who has been party to a deed of assignment for the benefit of the creditors generally could not found a petition upon that deed as an act of bankruptcy. (See DEED OF ASSIGNMENT.)

**PETROLEUM.**—This name is derived from two words meaning "rock" and "oil" respectively, which explain both the origin and the nature of the substance indicated. This inflammable liquid consists of a mixture of hydrocarbons, chiefly paraffins, olefines, and naphthenes, and is said to be produced by the natural distillation of coal and shale beneath the earth's surface. At Baku, in Russia, there are some noted natural springs of petroleum, but in many cases boring and pumping are required to bring the oil to the surface. In its natural condition, petroleum is a thick, brownish liquid, with an objectionable smell. As a result of fractional distillation, three classes of products are obtained. They are (a) highly inflammable light oils, such as benzene and naphtha, which are used as fuel for internal combustion motors, as solvents, and in dry-cleaning processes; (b) illuminating oils, known as kerosene, paraffin, etc.; (c) heavy oils left after the first two classes have been distilled off, and valuable as lubricants, and sometimes, as in the case of vasoline, in pharmacy. A series of important bye-products are obtained from petroleum. These include lamp-black, coal tar, oil of naphtha (*qv*), and dyes of various sorts. The United States is the chief exporting country, and Russia comes next. In Russia, petroleum naphthenes predominate, while the American product contains a larger proportion of olefines. Petroleum is also found in Germany, Rumania, Burmah and Canada.

**PETROLEUM, LAW RELATING TO.**—In the Acts of Parliament which have been passed in order to minimise the risks incurred in storing, carrying, and exposing for sale, this inflammable and explosive substance, there is included under the term *petroleum*, "any rock oil, Rangoon oil, Burmah oil, oil made from petroleum, coal schist, shale, peat, or other bituminous substance, and any products of petroleum or any of the above-mentioned oils", and the Act of 1871 applied only to such petroleum as, when tested in the manner prescribed in the schedule of the Act, gave forth an inflammable vapour at a temperature of less than 100° F., but this was altered by the Petroleum Act, 1879, 73° F. being substituted for 100° F., and a different test specified in the first schedule of the Act. Every harbour authority must frame and submit for confirmation to the Board of Trade, by-laws regulating the places in the harbour for the mooring of steamers carrying petroleum and for landing the cargo. The penalty for a breach of these regulations is a fine not exceeding £50 for each day during which such contravention continues, and the harbour authority can further move such ship or cargo, or cause them to be moved at the owner's expense to such place as may be in conformity with the by-law.

The owner or master of a ship carrying petroleum must, under a penalty not exceeding £500, on entering any harbour within the United Kingdom, give notice of the nature of his cargo to the harbour authority.

If petroleum to which the Act applies (a) is put at any place except during the seven days next after it has been imported, or (b) is carried from one place in the United Kingdom to another, or (c) is sold or exposed for sale, the vessel containing the petroleum must have a label describing the petroleum, with the addition of the words "highly inflammable," and also the name and address of the consignee or owner, the sender, or the vendor, as the case may be. The penalty for infringing this

regulation is forfeiture of the petroleum and the vessel containing it, and, in addition, a fine not exceeding £5 for each offence.

Petroleum may not be stored in any place except by licence of the local authority, as defined by the Act, but a licence is not required where the aggregate amount does not exceed 3 gallons, and it is kept in separate glass, earthenware, or metal vessels, each securely stoppered, and each containing not more than a pint. What is meant by the local authority is, by Section 8 of the 1871 Act, defined to be—

"the corporation, town council, or the urban or rural district council, as the case may be, and in any harbour, the harbour authority to the exclusion of any other local authority."

The penalty for storing without a licence (where a licence is required) is forfeiture of the petroleum, and the occupier of the place is also liable to a fine not exceeding £20 for each day during which the petroleum is so kept.

Under the London County Council (General Powers) Act, 1912, registration of all petroleum depots in the Council's area is required.

Any person who has a licence to keep petroleum under the 1871 Act may, subject to any laws in force affecting hawkers and pedlars, hawk such petroleum by himself or his servants, provided he does not carry more than 20 gallons at any time in one carriage, and the petroleum is in a closed vessel that does not leak, and is conveyed in a properly ventilated carriage, so constructed and fitted that the petroleum cannot escape therefrom in the form of a liquid. No fire or light or article of an explosive or inflammable nature may be brought into, or dangerously near to, the carriage. The petroleum must be stored in duly licensed premises every night, and also whenever it is not being hawked, and all due precautions must be taken to prevent accidents by fire or explosion, and to prevent any petroleum from escaping into any part of a house or building, or into a drain or sewer. The penalty for infringing these regulations is a fine of not exceeding £20 and the forfeiture of the petroleum, together with the vessels containing, and the carriage conveying, the same. The penalty is primarily recoverable against the licensee, but if the latter can show that he has used due diligence to enforce the execution of these regulations, and that some other person had committed the offence in question without the licensee's knowledge, consent, or connivance, such other person can be summarily convicted of the offence, and the licensee exempted from the penalty. Where the offence is committed by a servant of the licensee or some other person, such servant or other person is liable to the same penalty as if he were the licensee. A constable who has reasonable cause for believing that petroleum is being hawked in contravention of the Act, may seize and detain it and the vessels and carriage containing the same until a court of summary jurisdiction has determined whether or not the Act has been infringed.

Any officer authorised by the local authority may purchase any petroleum from any dealer in it, and may, on producing a certified copy of his appointment or other sufficient authority, require the dealer to show him every place in which the petroleum is kept, and may take samples of the petroleum for the purpose of testing, and if the petroleum is not in accordance with the requirements of the Act, the expenses of testing are payable by the dealer in



unaffected, the petty cashier still owing the impest amount.

Where the amount of petty cash is a fluctuating quantity, the petty cash book may be balanced and a cheque given for the amount spent to date whenever the petty cashier is running short of money, but the fixed period system is preferable where it can possibly be adopted.

**PETTY JURY.**—(See JURY.)

**PETTY SESSIONS.**—(See SUMMARY JURISDICTION.)

**PEWTER.**—A silvery-white alloy, usually composed of four parts of tin and one of lead. For first-class pewter goods, however, an alloy of tin, antimony, copper, and bismuth is used. Pewter was at one time much in demand for beer tankards, jugs, plates, etc., but it is now chiefly employed for ornamental purposes.

**PFENNIG, PFENNIGE.**—(See FOREIGN MONIES.—GERMANY.)

**PFUND.**—(See FOREIGN WEIGHTS AND MEASURES.—GERMANY, SWITZERLAND.)

**PHARMACOPŒIA, BRITISH.**—(See BRITISH PHARMACOPŒIA.)

**PHENACETIN.**—A drug obtained from carbolic acid, and used medicinally, like antipyrin, as a febrifuge. It is also employed as a remedy in cases of insomnia, headache, etc.

**PHENOL.**—(See CARBOLIC ACID.)

**PHILIPPINE ISLANDS.** These islands, with an area of about 120,000 square miles, i.e., about the same as the United Kingdom, are situated north-east of Borneo, and have a population of about nine millions, of which about 25,000 are Europeans and 50,000 Chinese. Formerly the principal possessions of Spain in the East Indies, they were ceded to the United States by the treaty of Paris—10th December, 1898.

The chief products are hemp, sugar, copra, and tobacco, for which the island of Luzon is especially famous. Great mineral wealth exists, and coal, iron, and gold are mined with some success.

*Manila*, the capital, on the island of Luzon, has a large trade in tobacco. Its population is nearly 250,000. The next town in point of size is *Cebu*, with a population of 57,000.

Other considerable towns, each of them with a population of between 35,000 and 45,000, are *Laong*, *Lipa*, *Banan*, and *Batangas*.

For map, see EAST INDIES. (See also UNITED STATES.)

**PHONOGRAPHY.**—(See SHORTHAND.)

**PHORMIUM.**—Also known as New Zealand flax, though the fibre rather resembles hemp. The name belongs to a genus of New Zealand plants of the lily tribe. The fibres are not easily prepared for commercial use, owing to the quantity of resinous matter it contains, and the ropes made from it are liable to snap. It is, however, used for Scotch manufactures of twelling, sheeting, and sackings.

**PHOSPHATES.**—(See MANURE.)

**PHOSPHORUS.**—A waxy, highly inflammable substance, usually yellowish in colour, though there is also a red variety, which differs from the ordinary product in various ways, e.g., it is not poisonous, and does not give off fumes on exposure to the air. Another name for the red variety is amorphous phosphorus. It is used for igniting safety matches (*qv*). Ordinary phosphorus is not found free in nature, but it occurs plentifully in animal, vegetable, and mineral substances. (See APATITE.) It is usually prepared by treating burnt bones with

sulphuric acid, a process resulting in the production of superphosphate of calcium and an insoluble sulphate of calcium. The former is separated, evaporated, and, when sufficiently concentrated, mixed with charcoal. It is then dried and heated in an earthen retort. The phosphorus distils over as a vapour, and is condensed in water. After various purifying processes, it is made into sticks. A more modern method of obtaining phosphorus is by means of an electric furnace, into which the crude phosphate is put, together with a mixture of sand and coke. As a result of this process, the phosphorus distils over. Great caution is necessary in dealing with this substance, owing to its poisonous nature and to the fact that it takes fire at 140° F. Commercially, phosphorus is most important in the manufacture of lucifer matches. It is also an ingredient of many artificial manures and of some medicines. Many compounds are derived from it, which are valuable in chemistry. Phosphorus has a specific gravity of 1.8 and its melting-point is 111° F. The amorphous variety is obtained from the ordinary product by a process of heating followed by purification.

**PHYSICIANS AND SURGEONS.**—The ordinary distinction between a physician and surgeon is that a physician treats illness and disease by prescribing the use of drugs or advising the removal of harmful surroundings, or the abandonment of injurious habits, whereas a surgeon is employed when it is necessary to remove a limb or perform any operation on any part of the body, e.g., to remove stone from the bladder or kidneys, or an ulcer from the intestines, or a tumour or any other growth from any internal or external part. As the duties of surgeons are very varied, it is usual for men of eminence to specialise in some subject, e.g., operations on the eye (oculists), ear (aurists), teeth (dentists) (*qv*), or on the brain, throat, or digestive organs. Some surgeons again devote their attention solely to horses, dogs, and other animals. (See VETERINARY SURGEONS.) In the same way, but to a less extent, some eminent physicians restrict their work to the treatment of one disease only, e.g., consumption or cancer.

In early times the medical profession consisted of three classes of practitioners: (1) Physicians, (2) surgeon barbers or surgeons, and (3) apothecaries. By an old statute of Henry VIII, passed in 1511, no person within the City of London, or within 7 miles thereof, could be a physician or surgeon without being first examined and approved by the Bishop of London or Dean of St. Paul's; and no person outside the said limits was allowed to practise as a physician or surgeon unless he was admitted by or had obtained letters testimonial from the bishop of the diocese in which he resided. There was, however, a saving of the privileges of the Universities of Oxford and Cambridge. In 1511 a charter of incorporation was granted to physicians and in 1522 the corporation or college of physicians obtained the right of examining and licensing persons to practise as physicians. The Universities of Oxford and Cambridge also continued to have the right to grant similar licences, and it was no longer necessary to obtain the licence of the bishop. Various other statutes were passed in the reigns of Henry VIII and Mary increasing the powers of the College of Physicians.

**Surgeons.** In the beginning of the Norman period and earlier, surgery was exclusively confined to the monks and clergy; but in 1163 the Council of



Tours passed a decree prohibiting the clergy from undertaking any operation involving a considerable loss of blood, and the work of the monks was carried on by barbers and smiths who used to assist the monks in their surgical operations. No charter appears to have been given at any time to smiths to perform surgical work, but in 1461 a charter was given by Edward IV to "The Company of the Barbers in London," and this charter was confirmed by several later kings. Under it no one was allowed to practise the mystery or faculty of surgery unless he had previously been admitted as a member of the Company. But in spite of this charter there grew up a body of men who applied themselves to the practice of pure surgery, and in the reign of Henry VIII there were two distinct companies of surgeons, called respectively the Barbers of London and the Surgeons of London. In the year 1540 these two companies were united, and all the privileges of the Barbers' Company were transferred to the united body. In 1800 the Royal College of Surgeons in London was incorporated, and all the privileges enjoyed by its predecessors were granted and confirmed to the new body.

**Apothecaries.** Before the reign of Henry VIII, an apothecary seems to have been the common name for a doctor, but about this time shops were established for the exclusive sale of drugs and medical preparations, and these businesses were conducted by apothecaries. In 1617 they received a charter of incorporation, as a trading company, but gradually they assumed the right to prescribe as well as the right to sell drugs, and in spite of the protest of the College of Physicians, the courts upheld the claims of the apothecaries, and they were allowed to continue to prescribe, give medical advice, and attend the sick, in addition to making up medicines prescribed by a physician or any other person.

In 1815 the Apothecaries' Act was passed, and gave the Master, Wardens, and Society of Apothecaries power to regulate the practice of members of the profession. No person was allowed to practise as an apothecary without passing an examination and obtaining a certificate of fitness, and no apothecary could recover any charges due to him unless he had obtained the necessary qualifying certificate. But the number of persons in England who can practise medicine by virtue of being qualified only as an apothecary is rapidly decreasing, to entitle them to do this, they must have been qualified as an apothecary not later than in 1887, from which date every registered medical practitioner was allowed to practise medicine, surgery, and midwifery in the United Kingdom, and although the rights and privileges of existing practitioners were not taken away, no new name of any practitioner was to be placed on the register unless he had passed an examination and received a certificate that he was qualified to practise in those three subjects.

The present law with regard to physicians and surgeons is contained in certain statutes, called the Medical Acts, passed in 1859, 1860, and 1886. The General Council of Medical Education and Registration in the United Kingdom originally consisted of twenty-four members, but now it consists of thirty members: five nominated by the Crown and five elected by registered medical practitioners (in each case three for England, one for Scotland, and one for Ireland); one each chosen by eleven universities and one each chosen by nine medical institutions. The Council appoints registrars, who have to enter

in the register the names of every qualified medical practitioner, together with his qualifications; and if a man's name does not appear on the register, it is *prima facie* evidence that he is not entitled to any of the rights or privileges of a registered practitioner.

No one except a registered medical practitioner can recover by legal proceedings any charges for medical or surgical advice or attendance, or for the performance of any operation, or for any medicine which he has prescribed and supplied. On the other hand, every registered medical practitioner can sue for his fees and charges, unless he is a fellow of a college of physicians, and is debarred by a by-law of that body from taking legal proceedings. No certificate of burial can be given except by a registered practitioner, nor can any one hold an appointment in the Army, Navy, or any public institution as a physician, surgeon, or medical officer unless he is duly registered. Among the other privileges of a registered practitioner may be mentioned: Exemption from serving on juries, or in the Militia, and from serving any corporate or parochial offices.

It is a criminal offence, punishable by a fine of £20, for a man to falsely represent himself as a registered practitioner, and to obtain or attempt to obtain registration by false pretences is punishable with imprisonment for not exceeding twelve months. But provided a man does not in any way, directly or indirectly, hold himself out to be a qualified physician or surgeon, he is at liberty, without exposing himself to any prosecution, to employ himself in treating disease, and there are many so-called "quacks" who have acquired a great reputation as skilful bone-setters, etc. These, however, are the exceptions, most often a quack obtains his reputation either by methods of skilful advertising (which are not open to the registered practitioner), or else by fraud and trickery. It is one of the rules of the profession that no registered practitioner may meet in consultation an unregistered practitioner, or treat any patient while he remains also under the care of an unregistered person. Another rule of the profession is that no registered practitioner may advertise for the purpose of obtaining patients, and if he does advertise in any way (e.g., by sending out circulars, or procuring the editor of a paper to insert laudatory remarks on his treatment of a patient, or by writing testimonials about the excellence of an article of food, dress, etc., with the intention of getting his name advertised on a large scale), he would be held to be guilty of "infamous conduct" from a professional point of view, and his name would be struck off from the medical register.

**Women.** By the Medical Act, 1876, power is given to every body which is entitled to grant qualifications for registration as a medical practitioner to grant such qualifications to any person without distinction of sex. The first occasion on which women were licensed to practise in the medical profession was in 1880, when the King and Queen's College of Physicians in Ireland conferred its licence to practise on fourteen women. Since then the University of London and the Scotch Medical Corporations have also granted their degrees to many ladies, and there are at present a large number of registered lady practitioners in India.

**PHYSIC NUT.**—The seeds of the tropical shrub, *Jatropha curcas*, found in the Barbadoes and in the East Indies. They are valuable for the fixed oil obtained from them, which resembles castor oil in its purgative properties. Hence the name "purging

nut." The oil is also used for dressing cloth, for illuminating purposes, and in the manufacture of a varnish.

**PIASSAVA or PIASSABA.**—A coarse fibre obtained from a species of Brazilian palm. It is used for rope-making and for the manufacture of brooms and street-sweeping machines. It is exported from Bahia and Para.

**PIASTRE.**—(See FOREIGN MONEYS—EGYPT, TURKEY)

**PICAL.**—(See FOREIGN WEIGHTS AND MEASURES—CHINA)

**PICKLES.**—Fruits, vegetables, etc., preserved in various ways for home consumption and for export. Vinegar and spice are the chief pickling ingredients, and onions, gherkins, chilies, mangoes, walnuts, and red cabbage are among the vegetable products so treated.

**PICRIC ACID.**—A product obtained by the action of nitric acid on equal parts of carbonic and concentrated sulphuric acid. It is used in France as a yellow dye for silk, wool, and leather. It is also the chief ingredient of the powerful explosive, lyddite.

**PIE.**—(See FOREIGN MONEYS—INDIA)

**PIE POUDE.**—This was a court of record in existence in ancient times in every market or fair. It was set up for the purpose of settling all disputes arising between parties dealing at the market or fair, especially when weights and measures were in question. Questions connected with weights and measures were assigned to justices by an Act passed in 1878, and courts of pie poudre, or, as they were sometimes vulgarly called, "pie powder," have fallen into disuse. It is asserted that the only court of this kind now in existence is held at Bristol, but its powers are insignificant.

**PIECE GOODS.**—Those goods which are sold by the piece, as sheetings, cambric, canvas, carpets, etc., such articles being described by the Customs as cotton piece goods, linen piece goods, etc., according to the raw material from which they are made.

**PIG ON PORK.**—This is an expression used to describe bills of exchange drawn on one branch by another branch of the same business, and other accommodation bills. For example, if A accepts a bill merely to oblige the drawer, B, the acceptor expects that B himself will provide funds necessary to pay the bill when due. As B in his own mind considers himself practically the acceptor as well as the drawer, the bill is likened to one drawn by "pig on pork" or "pig upon bacon."

**PIGSKIN.**—The strong leather obtained from the skins of pigs is used in a variety of ways. The demand is so great, that Great Britain has to import large quantities from America. Pigskin is used in saddlery, bookbinding, trunk-making, upholstery, and in the manufacture of certain kinds of boots and leggings. Small articles, such as purses, bags, etc., are also made of it.

**PIK.**—(See FOREIGN WEIGHTS AND MEASURES—EGYPT)

**PILCHARD.**—A fish of the same family as the herring, sprat, and sardine. It is, indeed, frequently maintained that the sardines caught off the coast of Brittany are young pilchards, which have not yet attained their full length of 9 to 12 in. Pilchards are caught in great quantities off the Cornish coast, and a considerable export trade in the salted fish is done with the Mediterranean countries. At Mevagissey, in Cornwall, the full-grown fish is tinned in the same way as the sardine (*q.v.*)

**PILFERAGE.**—A term used in shipping documents, referring to any loss caused by theft during transit.

**PILOT.**—The name of pilot, or seersman, is applied either to a particular officer serving on board a ship during the course of a voyage, and having the charge of the helm and of the ship's route, or to a person taken on board at a particular place for the purpose of conducting a ship through a river, road, or channel, or from or into a port. In England, the term "pilot" is now invariably used to designate a person of the second class. Pilots are persons who have a special knowledge of particular waters, and during the period of their charge the whole responsibility of the safe conduct of the vessel devolves upon them. All maritime countries have endeavoured to promote their efficiency by affording to them means of instruction, and by punishing them for misconduct or incapacity.

In most of the ports of England, societies or corporations have long been established, either under charters from the Crown, or under local Acts of Parliament, for the appointment and control of pilots in particular localities. Independently of such provisions as are contained in local statutes, the jurisdiction of pilotage authorities within the United Kingdom now depends upon the Merchant Shipping Act, 1891, and the Pilotage Act, 1913, passed to simplify and make uniform the rules and regulations relating to pilotage. The provisions relating to this subject regulate the powers of the Board of Trade as to pilotage districts and authorities, by-laws by pilotage authorities, returns by pilotage authorities, licensing of pilots, etc.

For the safety of navigation in many localities, the employment of a pilot is compulsory on all ships or certain classes of ships, in such a case a pilot is not the servant of the shipowner of whose vessel he has charge, and the shipowner is not liable for his negligence, but a pilot taken voluntarily by a shipowner, or master, is in the position of then servant, and makes the shipowner responsible for his negligence, but apart from any positive enactment, the master of every ship when engaged in a foreign trade is, unless he is himself qualified to act as pilot, bound, for the protection of the owner and all interested in the ship when within waters where, by the general usage of navigation, pilots are employed, to put her under the charge of a pilot. One effect of his neglecting to do so may be to discharge the insurers from their liability. If, however, on arriving off a port he uses due diligence to obtain a pilot, it is otherwise, since in that case he does all that can be required of him.

A pilot is to be deemed a qualified pilot if duly licensed by any pilotage authority to conduct ships to which he does not belong.

An unqualified pilot may, within any pilotage district, without subjecting himself or his employer to any penalty, take charge of a ship as pilot—(a) where no qualified pilot has offered to take charge of the ship, or made signal for that purpose, (b) where a ship is in distress, or under circumstances making it necessary for the master to avail himself of the best assistance which can be found at the time, or (c) for the purpose of changing the moorings of any ship in port, or of taking her into or out of any dock, in cases where the act can be done by an unqualified pilot without infringing the regulations of the port, or any orders which the harbour master is legally entitled to give. A qualified pilot may supersede an unqualified pilot, but the master

must pay to the unqualified pilot a proportionate sum for his services, and deduct that sum from the charge of the qualified pilot; and in case of dispute it must be decided by the pilotage authority. If an unqualified pilot, whether within a district in which pilotage is compulsory, or outside such district, assumes or continues in charge of a ship after a qualified pilot has offered to take charge of the ship, he is liable to a fine of £50. If a master, whilst within a district where pilotage is compulsory and whose ship is not exempt, pilots his ship himself without holding the necessary certificate, and after a qualified pilot has offered to take charge, he is liable to a fine. The refusal or wilful delay of a qualified pilot, without reasonable excuse, to take charge of a ship within the district for which he is licensed, subjects him to a penalty, and makes him liable to suspension or dismissal by the pilotage authority, and to an action at the suit of the aggrieved party, who, if he has suffered injury in consequence, may recover substantial damages, but if a boat or ship, having on board a qualified pilot, leads any ship which has not a qualified pilot on board because from particular circumstances it cannot be boarded, the pilot leading the other ship is entitled to the full pilotage rate for the distance run as if he had actually been on board and had charge of the ship. On the other hand, wilful misrepresentation of the circumstances upon which the safety of the ship may depend, made by anyone with a view to obtaining the charge of the ship, is also followed by a penalty, and by liability to suspension or dismissal, if a qualified pilot, and to an action, if damage has accrued to the ship in consequence, by the master or her owners.

As qualified pilots enjoy a monopoly of being employed in preference to anyone else, the obligation is imposed upon them of always offering their services to vessels, unless it is at the risk of their lives. On going on board a ship, the pilot takes upon himself the duty of navigating the ship, and he is considered her commander as far as the navigation is concerned. A master is not, under ordinary circumstances, justified in interfering with the pilot in his proper vocation; in cases, however, of obvious danger, where it is evident that the pilot is acting rashly, or is intoxicated, or otherwise plainly incompetent, it is not only the master's right, but his duty to resume his authority. The shipowner is responsible to third persons for the sufficiency of the ship and her equipments, the competency of the master and crew, and their obedience to the orders of the pilot in everything that concerns his duty. It is the master's duty to see that the pilot's orders are promptly and properly obeyed, and that he is assisted by an efficient and vigilant look-out. The master is also bound to take all precautions proper in the ordinary course of navigation, and which do not depend on local knowledge. He must not allow lights to be exhibited which infringe the regulations for preventing collisions at sea, notwithstanding the order of the pilot. It is also the master's duty to inform the pilot of any defect in the vessel which may embarrass him in navigating her, and to declare her draught of water. As pilots are taken on board compulsorily in the interests of commerce generally, owners are not exonerated from liability for damage arising from the default of a pilot so employed, if such damage is partly caused by the unnecessary interference with him in his duties by the master or crew. The master, however, does not interfere with the pilot by making a suggestion to

him, or by repeating his orders. It may also be the duty of any person on board a ship to act at once, without waiting for the pilot's orders, where there is immediate necessity for so doing; but the mere fact that the pilot is in charge by compulsion of law does not exonerate the master and crew from the proper observance of their own duty. Although the direction of the pilot may be imperative upon them as to the course the vessel is to pursue, the management of the ship itself is still under the control of the master. It is his duty to secure the safe conduct of his vessel by issuing the necessary orders, and it is the duty of the crew to carry these orders into execution; and for the due performance of their relative duties the master and crew are still respectively responsible.

The compulsory employment of qualified pilots within any pilotage district is declared to be binding on every ship carrying passengers between any place situate in the British Islands, and any other place so situate, unless the master or mate on board have a pilotage certificate applicable to the ship and the limits within which a qualified pilot ought otherwise to have been employed. A ship is not bound to take a pilot when passing through any pilotage district in the United Kingdom on a voyage between two places both situate out of that district, but this exception does not apply to ships loading or discharging at any place situate above the district on the same river or its tributaries. Taking in coals for ship's use is loading within this proviso, and involves the employment of a pilot. Formerly certain ships were exempted from compulsory pilotage, but the Act of 1913 limits the exemption practically to certain ships of public authorities. The aim of the Act has been to extend the compulsory idea.

The employment of a qualified pilot is compulsory in all districts in which it was so before January 1st, 1895, subject to the same exemptions as theretofore existed until the Board of Trade or the pilotage authorities, in the exercise of their powers, revise and extend the exemptions. The districts of the Trinity House within which the employment of pilots is compulsory are declared to be the London district (consisting of the waters of the Thames and Medway as high as London Bridge and Rochester Bridge respectively, and also the season channels leading thereto or therefrom, as far as Orfordness to the north and Dungeness to the south), and the Trinity House outpost districts (comprising any pilotage district for the appointment of pilots within which no particular provision is made by an Act of Parliament or charter), thereby excepting the English Channel district (consisting of the seas between Dungeness and the Isle of Wight). A pilotage authority is not liable for the negligence of a pilot licensed by it; but it is liable for the negligence of persons not licensed by it as pilots, but employed by it for stated wages to pilot ships into its harbour, it taking the pilotage dues itself and applying them to harbour purposes.

Pilotage is usually remunerated by a payment based on the draught of water of the ship, and the locality where the services are rendered. This remuneration is fixed by by-laws made by a pilotage authority under the provisions of the Merchant Shipping Act, 1894, and the Pilotage Act, 1913, and it is an offence, punishable by fine, to demand or receive a greater or less rate than that allowed by law. A pilot may be entitled to claim salvage from a ship which he has undertaken

to pilot, if the services which he renders to her are outside the scope of his contract, but in order to entitle a pilot to salvage reward, he must not only show that the ship was in some sense in distress, but that she was in such distress as to be in danger of being lost, and such as to call upon him to run such unusual danger or to incur such unusual responsibility, or exercise such unusual skill, or perform such an unusual kind of service as to make it unfair and unjust that he should be paid otherwise than upon the terms of salvage reward. No pilot is bound to go on board a vessel in distress in order to render pilot service for mere pilotage reward. Pilotage on foreign ships trading to and from the port of London must be paid after the same rate as in the case of British ships, to the chief officer of Customs in the port of London, by the master or by the consignees or agents who have made themselves liable to pay any other charge for the ship in the port of London. Without this receipt for the amount no vessel can clear outwards from the port. Any consignee or agent thus made liable for pilotage dues may retain the amount thereof, and that of the expenses to which he has thereby become liable, out of any moneys received by him on account of the ship and belonging to its owner. Pilotage dues are not payable by King's ships, unless registered, and they are not included in "port charges" in a charter party.

A pilotage authority may, if they think fit, on the application of the master or mate of any ship, and on payment by him of the usual expenses, examine him as to his capacity to pilot the ship of which he is master or mate, or any one or more ships belonging to the same owner as that ship within any part of the district of the pilotage authority. A pilotage authority, if they find the master or mate competent, may grant him a certificate, entitling him to pilot the ship within the limits specified in the certificate, without incurring any penalty for not employing a qualified pilot. Such a certificate is not to be in force for more than a year, but may be renewed from year to year by endorsement under the hand of the proper officer of the pilotage authority. If it appears to the Board of Trade, upon complaint made to them, that a pilotage authority have, without reasonable cause, refused to examine a master or mate, or to grant a certificate, the Board of Trade may appoint persons to examine the master, and if he is found competent they may grant him a pilotage certificate. Such pilotage certificates cannot be granted to a master or mate unless he is a British subject.

If a qualified pilot, either within or without the district for which he is licensed, commits any of the following offences, he is liable, in addition to any liability for damages, to a fine not exceeding £100: (a) is interested in keeping any public-house or place of public entertainment, (b) commits any fraud against the revenues of customs or the excise, (c) is in any way directly or indirectly concerned in any corrupt practices relating to ships, (d) loses his licence, (e) acts as pilot while suspended, (f) acts as pilot when in a state of intoxication, (g) employs on board any ship of which he has charge any, other than what is necessary for the service of that ship, with intent to enhance the expenses of pilotage, (h) refuses or wilfully delays, when not prevented by reasonable cause, to take charge of any ship within the limits of his licence, upon the signal for a pilot being made by that ship, (i) unnecessarily cuts or ships any cable, (k) refuses, when requested

by the master, to conduct the ship of which he has charge into any port or place into which he is qualified to conduct the same, except on reasonable ground of danger to the ship, or (l) quits the ship of which he has charge, without the consent of the master, before the service for which he was hired has been performed.

Pilot boats must be approved and licensed by the pilotage authority. Every such boat must be distinguished by the following characteristics, viz: (a) On her stern the name of her owner and port must be painted in white letters at least 1 in. broad and 3 in. long, and on each bow the number of her licence, (b) in all other parts a black colour, painted or tarred outside, or such other colour as the pilotage authority direct, (c) when aloft, a flag, termed "a pilot flag," of large dimensions compared with the size of the pilot boat, and of two colours—the upper horizontal half white and the lower horizontal half red—to be placed at the masthead, or in some equally conspicuous situation. The pilot flag must be kept clean and distinct, so as to be easily discernible at a reasonable distance, and the names and numbers must not at any time be concealed. The penalty for a breach of these regulations is £20. A qualified pilot, when carried off in a vessel not in the pilotage service, must exhibit a pilot flag to show that the ship has a qualified pilot on board, and if he fails without reasonable cause to do so, he is punishable by a fine up to £50. Where the master or mate of a ship holds a pilotage certificate, a pilot flag must be displayed on board the ship while that master or mate is on board and the ship is within a pilotage district in which pilotage is compulsory, otherwise the master is liable to a fine of £20. A pilot flag, or a flag so nearly resembling a pilot flag as to be likely to deceive, must not be displayed on any ship not having a licensed pilot, under a penalty of £50.

**PILOTAGE.**—Part X of the Merchant Shipping Act, 1894, relating to pilotage extends to the United Kingdom and the Isle of Man only, but applies to all ships British and foreign. The expression "pilotage authority" includes all bodies and persons authorised to appoint, or license pilots, or to fix or alter rates of pilotage, or to exercise any jurisdiction in respect of pilotage, but such authorities are controlled by the Board of Trade, as the supreme authority in all matters relating to merchant ships and seamen. Any such body which was in existence at the time of the passing of the Act retains its power and jurisdiction, so far as they are not inconsistent with the Act. The Board of Trade may, by provisional order in any area where there is no pilotage authority, constitute new pilotage authorities and districts, and extend the limits of any pilotage district by including therein any area in which there is no pilotage authority. There must be no compulsory pilotage and no restriction on the power of duly qualified persons to obtain licences as pilots in any new pilotage district. The Act of 1913 makes provision for the direct representation of pilotage and of shipowners on the pilotage authority of any district. Where the pilotage is not compulsory, and there is no restriction on the power of duly qualified persons to obtain licences as pilots, the Board may, by provisional order, give any pilotage authority power to license pilots and to fix pilotage rates for their district, and to raise all, or any of the pilotage rates in force in their district.

Every pilotage authority must deliver periodically to the Board of Trade returns of the following

particulars: (a) All by-laws or other regulations relating to pilots for the time being in force; (b) the names and ages of all pilots licensed; (c) the service for which each pilot is licensed; (d) the rates of pilotage in force; (e) the total amount received for pilotage; (f) the receipt and expenditure of all moneys received by the authority; (g) the receipts and expenditure, under separate accounts, in respect of any pension or superannuation funds. Every pilotage authority must allow the Board of Trade to inspect any documents in their possession. If any pilotage authority other than the Trinity House or pilotage sub-commissioners appointed by them, fail to make a return within a year after the time fixed therefor by the Board, or to comply with the requirements as to inspection, an Order in Council may direct that all the pilotage powers of that authority shall cease or be suspended, and the Trinity House may thereafter or during the suspension exercise all the powers which it is authorised to exercise in a district in which no provision for the appointment of pilots is made by Act of Parliament or charter, and all the powers of the defaulting authority.

The Pilotage Act, 1913, provides for the improvement of pilotage organisation by the Board of Trade. It requires by-laws to be made and provides for the appointment of paid pilotage commissioners and other officers. Under the Act the Board may make orders and re-arrange or arrange districts, setting up new pilotage areas, if necessary. Any order of the Board requires Parliamentary confirmation.

Generally speaking the word means either the act of employing a pilot, or the sum of money which is paid for the pilot's services.

**PIMENTO** or **JAMAICA PEPPER**.—(See **ALLSPICE**.)

**PINE**.—A coniferous, evergreen tree, of which there are numerous species, abounding in the more northerly latitudes of Europe and America. The species known as the Scotch fir or pine is indigenous to Britain, and grows on the most exposed slopes.

The timber of the pine is used in a variety of ways, e.g., for street-paving, sleepers, shipbuilding (especially for masts), so-called "deal" furniture, etc. Tar, pitch, resin, and turpentine are among the other products of the pine.

**PINEAPPLE**.—The delicious cone-shaped fruit of the *Ananas sativa*, a plant indigenous to tropical America, but now grown chiefly in the Azores, and the Bahamas, as well as in Florida. The canning of the fruit is an important industry in the United States, which derives its supplies from the West Indies and from Florida, while the British imports come mainly from the Azores.

**PINS**.—Fasteners made of brass or steel wire. The industry was introduced into England from France in the early part of the seventeenth century, and Birmingham is now the chief producing centre, though pins are also made in London, Warrington, and Dublin. Since the beginning of the nineteenth century, pin-making has been carried on in the United States, where Connecticut is the principal town engaged in the industry. Pins are now made entirely by machinery. Wooden pins are pegs used for fastening boards together, or for attaching the strings of a musical instrument.

**PINT**.—An English measure of capacity, used both for liquids and for dry goods. It is the eighth part of a gallon. The imperial pint is equivalent to a little more than 34½ cubic inches.

**PIPE**.—This is a measure of capacity made use of almost exclusively in the wine trade. This is especially so in the wine-producing countries: France, Spain, and Portugal. But the capacity of the pipe varies in each. The common English pipe contains 185 imperial gallons. In measuring wines, however, there is a variation, and there is also a difference when different wines are measured. Thus, a pipe of port contains 114 imperial gallons; a pipe of sherry, 108 gallons; and a pipe of Madeira, 92 gallons.

**PIPECLAY**.—A very pure white clay resembling kaolin (*qv*). It is found in the south-western counties of England, and is employed in the production of fine pottery, tobacco pipes, etc. It is also used for cleaning white leather belts, shoes, and other articles.

**PIPPINS**.—A term applied to apples of a bright colour which have been stored for winter use. Among the best known pippins are those of Normandy, and the numerous American varieties, including Ribston, Golden, and Newtown. The name was originally intended to distinguish apples raised from pips from those produced by grafting.

**PISTACHIO NUTS**.—The green kernels of the fruit of the *Pistacia vera*, a small tree of the cashew family, indigenous to West Asia, but now grown in South Europe, especially in Greece. The nuts have an almond-like flavour, and are much used in confectionery. They contain a large percentage of oil, which is employed as a flavouring for Greek wines and cordials. The tree also yields galls, useful in the dyeing and tanning industries. Another species of *Pistacia* is known as the mastic tree. (See **MASTIC**.)

**PITA FLAX**.—A coarse fibre, known also as Aloe fibre, obtained from a species of agave (*qv*), indigenous to tropical America. It is employed in the manufacture of hammocks, ropes, etc.

**PITCH**.—A name given to the natural product of the Trinidad lakes, and to the black, glossy substance obtained by the distillation of wood or coal tar. Pitch varies in density according to temperature. It is usually seen in the form of a brittle solid, but on being heated it becomes a viscous fluid. Pitch is used as a binding in the manufacture of artificial fuel, as a cement in paving, and as a coating for wood and ironwork. The soft variety is also employed in the preparation of varnish and tarpaulin. It is usually obtained from bone tar and stearine residues. Pitch is an important article of export from Russia and France. Burgundy pitch is quite a different product. It is the resinous exudation of a pine tree, and the pitch-plasters made of it are valuable in medicine.

**PITCHBLende**.—A greenish-black mineral, with a lustre resembling that of pitch. It consists chiefly of protoxide of uranium, and is valuable as the source of the last-named metal. Pitchblende contains minute quantities of radium, that obtained from the Erzgebirge (on the frontier of Saxony and Bohemia) being richer in this respect than that procured from Colorado or from Cornwall. The main use of pitchblende in the arts is for painting on porcelain.

**PLAICE**.—A broad, spotted, flat fish found in great abundance off the coasts of Britain. Its average length is less than 2 ft. Plaice has a large sale in English markets. It is also found off the coasts of France, Spain, Iceland, and Scandinavia.

**PLAINT**.—The statement of the substance of an action which is made in writing against a person in a county court action.

**PLAINTIFF.**—A complainant in a court of law, *i. e.*, one who commences and carries on a lawsuit against another.

**PLANT.**—The fixtures, tools, machinery, and other appliances necessary for the carrying on of a business.

**PLANTAIN.**—The fruit of an East Indian tree, now grown largely in tropical America. It is also known as the Cooking Banana. Its consumption is practically confined to warm countries.

**PLASTER OF PARIS.**—A fine, white powder prepared from gypsum (*qv*). The latter is rendered anhydrous by calcination, and the powder thus obtained, when mixed with water, sets immediately into a hard, white solid. This species of gypsum is said to have been found first in the basin of the Seine, near Paris. It is much used in sculpture as a cement and for taking casts, and is also valuable architecturally for ornamental purposes, though its lack of durability renders it unsuitable for exterior decoration. Imitation marble consists largely of plaster of Paris.

**PLATE GLASS.**—Great Britain's supplies are derived mainly from Belgium. (See GLASS.)

**PLATE GLASS INSURANCE.** (See INDemnITY INSURANCE.)

**PLATE POWDER.**—The powder most generally used for cleaning gold and silver plate consists of prepared chalk mixed with a fine oxide of iron, known as rouge. Another preparation is made from chalk, with a small admixture of mercury. This gives a high polish, but soon produces injurious effects. Whiting is also sometimes used, but is not to be recommended for delicate articles.

**PLATINUM.**—A valuable, metallic element of a silvery colour. It is obtained chiefly from the Ural Mountains, where its ore is found in alluvial deposits in combination with similar metals, *e. g.*, osmium (*qv*), rhodium (*qv*), and palladium (*qv*). It ranks next to osmium in heaviness, having a specific gravity of 21.5, and remains unaffected by the atmosphere. It is malleable and ductile, and does not readily dissolve except in aqua regia, though many of its alloys are easily fusible. Owing to its comparative scarcity, platinum fetches a high price. It is much used in the manufacture of chemical and electrical apparatus, *e. g.*, for electric glow-lamps, and for tipping gold nibs, setting precious stones, and making fine wire capable of holding heavy weights. Its compounds are valuable in certain X-ray processes and in photography.

**PLEA.**—In law, the name "plea" was given to that portion of the pleadings (*qv*) in an action which consisted of the defence set up in reply to the claim made by the plaintiff. The name was changed to "defence" after the passing of the Judicature Acts, so far as actions in the High Court are concerned, but it still survives in actions in the Mayor's Court (*qv*), where the old procedure is still in existence.

**PLEADINGS.**—The general name for the steps in an action at law in the High Court of Justice, by which the matters in issue between the parties are settled. An action is commenced by a writ and unless the writ is specially indorsed—that is, unless the claim is of a particular character, and the amount claimed is fixed, or, as it is sometimes called, liquidated—the plaintiff sets out his demand by means of what is known as a statement of claim. The defendant then puts in a defence to the claim, and also sets out his set-off to the plaintiff's claim,

or his counterclaim, if he has one. Sometimes a reply is put in by the plaintiff to the defence, and the general name, reply, includes the defence to the counterclaim, if there is any. At the present time when there is no set-off or counterclaim, it is rare for the pleadings to go beyond the statement of claim and the defence, and even if there is a set-off or counterclaim, there are no pleadings beyond the reply and defence to counterclaim. It is just possible, however, in cases of great complexity that the facts may need further elucidation, and if so, other statements will have to be put forward. Thus, in answer to the reply of the plaintiff, the defendant might put in a rejoinder. To this the plaintiff might retort with a sur-rejoinder. Two more steps are possible, one on each side, the rebutter and the sur-rebutter, but, as already stated, the pleadings rarely get as far as this. Beyond the sur-rebutter, which is, of course, the last word of the plaintiff, the pleadings cannot go.

In olden times, pleadings were oral, but written pleadings have been in use since the middle of the fourteenth century. Until within the last half century or so, they were highly technical, and a litigant depended less upon the merits of his cause than upon the skill of his legal adviser in drawing the pleadings. Since the passing of the Judicature Acts in 1873 and subsequent years, and under the orders of the High Court, pleadings have become much simplified. They must consist entirely of written statements of facts, averments on one side and denials on the other side, so that the court may clearly understand what are the points in issue between the parties. Also, the pleadings must be made as concise as possible. Any undue prolixity renders the offending party liable to be mulcted in the costs thus incurred.

There are no pleadings in county courts. The particulars of the plaintiff's claim are all that is necessary, though a defendant must give notice of certain special defences if he intends to set them up against the plaintiff's claim.

Prior to the Judicature Acts, the statement of claim was known as the declaration, the defence as the plea, and the reply as the replication. The names for the remainder of the parts of the pleadings were the same under the old as under the new system.

**PLEDGE.**—(See PAWN.)

**PLUM.**—A common stone fruit, of which there are many varieties. Large quantities are grown in England, but there are also very considerable imports from France, Portugal, and Germany. These countries produce delicate varieties, which are greatly prized, among which are the greenpage or "Rene Claude" of France, and the noted "Carlsbad" plum of Germany. The fine-grained wood of the plum tree (of the natural order *Rosaceæ*) is used in cabinet work and in the manufacture of musical instruments.

**PLUMBAGO.**—(See BLACKLEAD.)

**PODOPHYLLIN.**—A powerful purgative, consisting of the resin extracted from the root of the *Podophyllum*, or American May-apple. It is of special value in liver complaints.

**POINTS OF ORDER.**—Points of order comprise matters relating to the conduct and procedure at a meeting, *e. g.*, breaches of standing orders or rules, absence of quorum, personal allusions or conduct of members, relevancy of remarks, making running commentary, the holding of audibly private conversations during the debate, and similar matters.

Any person, whether he has spoken or not, may rise and speak immediately to any point of order at any moment of a meeting. He should take the point at once, and intimate, on rising, that his remarks concern a point of order, so that any one addressing the meeting may resume his seat for the time being. The chairman then gives his ruling, which should be accepted as final and binding, whether it be right or wrong. Prior to the chairman's ruling, discussion may take place on the point of order raised, but it must be confined solely to that point of order. (See ORDER, POINTS OF.)

**POISONS, SALE OF.**—An Act to regulate the sale of certain poisonous substances, and to amend the Pharmacy Acts, was passed in 1908. The following are declared to be poisonous: Arsenic and its medicinal preparations, aconite, aconitine and their preparations, all poisonous vegetable alkaloids and their salts, atropine and its salts, belladonna, cantharides, coca, corrosive sublimate, cyanide of potassium, emetic tartar, ergot of rye, iux vomica, opium, picrotoxin, prussic acid, savin, and, generally speaking, any derivatives or admixtures of any of these poisons. Part II of the list of poisons includes: Essential oil of almonds, antimonial wine, "carbolic acid, and liquid preparations of carbolic acid and its homologues (the same thing called by other names), containing more than 3 per cent of those substances, except preparations for use as sheep wash, or for any other purpose in connection with agriculture, or horticulture, contained in a closed vessel, distinctly labelled with the word "Poisonous," the name and address of the seller, and a notice of the special purposes for which the preparations are intended"; chloral hydrate, chloroform, digitals, mercuric iodide and sulphocyanide, oxalic acid, preparations of poppies, red and white precipitates, stramonium, sulphonal, and all other preparations which contain a poison within the meaning of the Pharmacy Acts.

**Agricultural Poisons.** In the case of poisonous substances to be used exclusively in agriculture, or in horticulture, for the destruction of insects, fungi, or bacteria, or as sheep dips or weed killers, which are poisonous by reason of their containing arsenic, tobacco, or the alkaloids of tobacco, if the person so selling, or keeping open shop, is duly licensed by a local authority, such person may sell these poisonous articles, if he conforms to the local by-laws, or other regulations as to the keeping, transporting, or selling of poisons. Before granting a licence for the sale of agricultural poisons, the local authority must be satisfied as to the reasonable requirements of the neighbourhood. The local authorities who grant these licences are: The borough council, in Scotland, the town council, and in every other place outside the borough, the county council.

Every person who is a duly registered pharmaceutical chemist, or chemist and druggist, must have the name and certificate of qualification of the person carrying on the business conspicuously exhibited in the premises. Where the business is being carried on by an executor, administrator, or trustee, then the drugs must be dispensed and sold by a duly qualified assistant, whose name and qualifications must be exhibited as above stated. A registered chemist and druggist may use the title pharmacist; and a body corporate, and (in Scotland) a partnership firm may carry on this business, so long as the keeping, retailing, and dispensing of poisons is under the control of a superintendent, or

assistant, who is duly qualified and registered as above.

**The Label.** It shall not be lawful for a chemist to sell any poisonous substance by retail unless the box, bottle, vessel, wrapper, or cover in which the substance is contained is distinctly labelled with the name of the substance, and the word "poisonous," and with the name and address of the seller of the substance. Any person who disobeys this rule will be liable to a penalty. The substances specially alluded to here are, in addition to those named above: Sulphuric acid, nitric acid, hydrochloric acid, soluble salts of oxalic acid, and such other substances as may for the time being be prescribed by Order in Council.

**Arsenic.** An Act of 1851 regulated the sale of arsenic, and requires that an entry of every sale must be made after the following manner: The date of sale, name and surname of purchaser, purchaser's place of abode, condition or occupation, quantity of arsenic sold, what for. Then follows the signature of the purchaser, the signature of a witness, and the signature of the seller. The witness is only required when the seller does not know the purchaser, but no one under full age must be served under any circumstances. Before the arsenic is sold for agricultural purposes, it must be mixed with soot or indigo. The penalty for disobedience is a heavy one. When arsenic is made up as part of the prescription of a properly qualified medical man, or when the arsenic is sold in quantity by wholesale to retail dealers, the above rules do not apply.

**Registration.** The Pharmacy Act, 1868, enacts that no person shall sell, or keep open shop for the retailing, dispensing, or compounding of poisons, unless he is a duly registered pharmaceutical chemist, or chemist and druggist. No person shall compound any medicines of the British Pharmacopoeia, except according to the formulæ thereof.

Section 17 of the Act is important in the interests of the public, a part of it has been repeated in a recent statute, but the whole will be briefly summarised here: When poisons are sold by wholesale or by retail, the following things must appear on the package: The name of the article, the word "poison," the name and address of the seller of the poison. None of the most dangerous poisons must be sold to a person unknown to the chemist, unless the unknown purchaser is introduced to the chemist by a person who knows the purchaser. At the time of sale the chemist must enter the following particulars in a book: Date of purchase, name of purchaser, name and quantity of poison sold, purpose for which it is required, signature of purchaser, and signature of person introducing purchaser.

The sale of poisons by wholesale dealers to chemists, and for export, does not require the entries as in the case of a private person. Nor are they necessary in the case of a medical practitioner who either makes up, or orders a chemist to make up, medicines of which poison forms a part. (See CHEMISTS AND DRUGGISTS.)

**POLAND.**—Position, Bound, Area and Population. The Central European Republic of Poland (the Piam) was proclaimed at Warsaw, 7 November, 1918, and was recognised by the Powers, 28th June, 1919. When existing as a part of Russia it comprised ten provinces, with a total area of 49,159 sq. miles and a population of 12½ millions, 15 per cent of whom were Jews. To this area has been added several districts such as Posen, a considerable portion of West Prussia, Teschen in Austrian Silesia,

and Western Galicia; there are also other portions of Germany and Austria whose distribution is to be determined by plebiscites. The total area of the new Poland, should the plebiscites go in its favour, will be approximately 90,000 sq. miles, and its population about 22 millions. Its neighbours are the Prussian Königsberg district, the Republics of Lithuania, White Russia, Czecho-Slovakia, Ukraine and Germany. The Republic has been granted a long strip of coast on the Baltic, including the small town of Rostock, but the port of Danzig, Poland's historic city, is administered by the League of Nations. The northern half of the country is a low, undulating, wooded plain, from 300 to 400 ft. above the sea, rising northwards to the lake-dotted Baltic plateau. In geologically recent times this lowland was a vast glacial lake or series of lakes. The southern half is an expanse of forested plateau, of average height 900 ft., which rises southwards to spurs of the Carpathians.

**Climate and Soils.** The climate is continental—cold winters and warm summers. Rain falls chiefly in the summer and is moderate in quantity. Tornado storms sweep over the country in winter, and the snow lies for months. The northern soils are very fertile, being composed of silt deposited in the old lakes, but there is a plentiful sprinkling of barren waste and swamp, especially in the east.

**Production and Industries.** The combination of a cultural and mineral wealth is largely responsible for the dense population. Scientific agriculture is practised, excellent crops of wheat, rye, oats, barley, sugar beet, potatoes, flax and hemp being raised. Stock breeding, aided by the growth of root crops for winter feed, is important. Coal is mined in the Dombrowsky coalfield in the south west; none is obtained between Oppeln and Liegnitz, and at Radu and Petrokov; petroleum from the Carpathian sandstone is of growing importance, and Wicłozka is famous for its salt mines. Zinc and lead ore and potassium salts are also utilised. Machine tools are well advanced, the chief being textiles, while machinery and metal works, chemicals and leather are of lesser importance. Warsaw and Lodz are the great manufacturing centres, having many types of manufacture. Distilleries and sugar refineries are to be found in almost all the Polish towns.

**People.** The population is very mixed, consisting of Poles, Russians, Lithuanians, Letts, Germans, Armenians, Finns and Jews. The Poles, Western Slavs, are, however, the dominant race. They have

preserved their language, culture and traditions. As a race they are high spirited, very patriotic, deeply religious, most chivalrous and courteous. Art, music and education reach a very high standard.

**Communications and Commerce.** Communication both by land and water is good, and such a progressive race as the Poles under the freer conditions now prevailing may be expected to perfect their communications. The chief exports are agricultural produce and textiles, while the imports are raw wool, cotton, jute, woollen and cotton goods, and machinery.

**Trade Centres.** Warsaw (1,000,000), the commercial and political capital, the "Paris of the North"



and the heart of Poland has been the witness of the most heroic outbursts of patriotism and the most terrible national tragedies. It occupies a splendid position for the control of east and west routes, and its site on rising ground on the left bank of the Vistula between the Baltic heights and the Carpathians gives it freedom from floods. Among its manufactures are boots and shoes, lace and embroidery, linen, wool, alcohol, sugar and carpets.

**Lodz** (450,000) south-west of Warsaw, is the Polish "Manchester." It is situated between the Silesian sheep farms and the Polish flax fields, and imports American cotton by the Vistula. The town is long and narrow, consisting mainly of one street about 6 miles in length on each side of which there are hundreds of factories. Besides cotton manufactures Lodz has textile machinery and woollen factories, flour mills and leather works.



*Cracow* (170,000) on the Vistula, the old capital of Poland, commands a great route along the foothills of the Carpathians. It possesses a fortress, palaces, huts, castles, and numerous spires and steeples.

*Poznan (Posen)* (160,000), the old capital of Great Poland, is a commercial and industrial centre, noted for sugar refining and distilling.

*Sosnowice* (100,000) is a mining centre.

*Petrokow (Protkow)* near the Pilitsa, makes cottons, woollens and machinery.

*Kalicz* on the Prosna, one of the oldest towns of Poland, manufactures cloth, leather, sugar and alcohol.

*Lublin* is an important market for grain and wine, and has sugar refineries and distilleries.

**POLICY.**—The document which sets out the terms of the contract of insurance entered into between the insurers and insured. Policies of life and marine insurance are assignable by statute, under certain conditions. Fire insurance policies are not, as a rule, assignable.

**POLICY HOLDER.**—The person who has in his possession, or under his control, a policy of insurance. He may be either the insured himself or the assignee of the policy.

**POLICY OF INSURANCE.**—The stamp duties on policies of insurance are set out in the article on **STAMP DUTIES**. Important provisions of various Acts are as follows:—

By the Stamp Act, 1891:—

"Section 91 For the purposes of this Act the expression 'policy of insurance' includes every writing whereby any contract of insurance is made or agreed to be made, or is evidenced, and the expression 'insurance' includes assurance."

*Policies of Insurance except Policies of Sea Insurance.*

"98 (1) For the purposes of this Act the expression 'policy of life insurance' means a policy of insurance upon any life or lives or upon any event or contingency relating to or depending upon any life or lives except a policy of insurance against accident, and the expression 'policy of insurance against accident' means a policy of insurance for any payment agreed to be made upon the death of any person only from accident or violence or otherwise than from a natural cause, or as compensation for personal injury, and includes any notice or advertisement in a newspaper or other publication which purports to insure the payment of money upon the death of or injury to the holder or bearer of the newspaper or publication containing the notice only from accident or violence or otherwise than from a natural cause.

"(2) A policy of insurance against accident is not to be charged with any further duty by reason of the same extending to any payment to be made during sickness or incapacity from personal injury."

By the Finance Act, 1899:—

"11 The provisions contained in Section 98 of the Stamp Act, of 1891 in reference to the expression 'policy of insurance against accident' shall extend to and include policies of insurance or indemnity against liability incurred by employers in consequence of claims made upon them by workmen who have sustained personal injury when the annual premium on such policies does not exceed one pound." By Section 8 (3) of the

Finance Act, 1907, the above Section shall be read as if two pounds were substituted for one pound as the amount of the annual premium.

By the Finance Act, 1895:—

"13 Whereas Section 98 of the Stamp Act, 1891, provides that 'a policy of insurance against accident' includes a notice or advertisement in a newspaper or other publication which purports to insure the payment of money upon the death of or injury to the holder or bearer of the newspaper or publication from accident, and doubts have arisen as to the like notices or advertisements in other cases, it is hereby for the removal of doubts declared that 'a policy of insurance for any payment agreed to be made during the sickness of any person or his incapacity from personal injury' within the meaning of the Stamp Act, 1891, includes a notice or advertisement in a newspaper or other publication which purports to insure such payment."

By the Stamp Act, 1891:—

"99 The duty upon a policy of insurance other than a policy of sea insurance or life insurance may be denoted by an adhesive stamp which is to be cancelled by the person by whom the policy is first executed.

"100 Every person who:—

"(1) Receives, or takes credit for, any premium or consideration for any insurance other than a sea insurance, and does not, within one month after receiving, or taking credit for, the premium or consideration, make out and execute a duly stamped policy of insurance, or

"(2) Makes, executes, or delivers out, or pays or allows in account, or agrees to pay or allow in account, any money upon or in respect of any policy other than a policy of sea insurance which is not duly stamped, shall incur a fine of twenty pounds."

By Section 116 of the Stamp Act, 1891, the Commissioners may, in certain cases, enter into an agreement with any person issuing policies of insurance against accident for the delivery to them of quarterly accounts of all sums received in respect of premiums, and in lieu of duty on such policies and by way of composition for that duty there shall be charged a duty at the rate of five pounds per centum on the aggregate amount of such sums received for premiums. This also applies to insurances effected through newspapers.

**POLICY PROOF OF INTEREST.**—This signifies that in the event of a loss the insured is entitled to recover from the underwriters without producing any document other than the policy to which the clause is attached.

**POLITICAL ECONOMY (GENERAL).**—Adam Smith, whose *Wealth of Nations* appeared in 1776, was the greatest of pathbreakers. By this work he cleared a way through the tangled perplexities which before his advent had confronted inquirers into the conditions underlying the well-being of peoples. To say that he was the founder of the modern study of political economy is not enough. He was more, for we may with justice regard all later works on the subject either as continuations, or as criticisms and emendations of his. Discoveries in abundance have since his time been made on the margin: he it was who sketched the great outlines. Moreover, in spite of defects and shortcomings, *The Wealth of Nations*, by its clear and crisp style and by its mass of apt illustrations, yet appeals to the

general reader. Besides being full of the best history and of acute and clear reasoning, it is—what the works of scientific pioneers so seldom are—good literature, too. The year of its appearance was also the year of the Declaration of Independence, and like that document it claimed the right to freedom of action.

We in these days are perhaps able to realise only dimly how industry and commerce in his days were hampered and shackled by all manner of outworn restrictions and rigid formalities, and how, consequently, his teaching of the doctrine of "the obvious and simple system of natural liberty" was hailed as a revelation. He is, indeed, at times spoken of as the apostle of *laissez faire*, as he who taught that the powers of government should be confined within the narrowest limits that the Government should, in fact, be no more than "a merchant of security," a dealer who sold the right of seeking for gain without let or hindrance, "a keeper of the ring" within which competitors might wrestle undisturbed. But to the demand for freedom for the employer and his workman, for the dealer and his customer, Adam Smith attached the important condition, "as long as he does not violate the laws of justice." To take an illustration which spontaneously suggests itself, it is at least doubtful whether the reputed founder of the "let alone school" would have approved of the freedom of combination, as exercised in the formation of trusts and combines. Confronted by the growth of an *imperium in imperio*, another state within the State, he might well have called for stringent regulation lest justice be violated.

Malthus, like Adam Smith, deduced his doctrines from an exhaustive study of modern and ancient history. The second (1803) edition of his *Essay on Population*, in which he prunes away the exaggerations and inaccuracies which marred the first edition, brings into bold relief his tenets, indisputable though yet disputed by odd persons here and there. The first implied the close pressure of the population on the heels of subsistence, the risk of starvation constantly imminent over people. The obvious corollary—this was the very practical teaching of the need for careful control of marriage. To Malthus it seemed that the happiness and well-being of the race depended on this one thing. Our modern school of Eugenics had a worthy founder in this much-reviled clergyman.

David Ricardo, a keen business man, who made a fortune on the Stock Exchange before writing his treatise on *Political Economy and Taxation*, was, queerly enough, the originator of what is sometimes called the mathematical or abstract school of economists. Taking a few leading principles for granted, he developed these with unerring skill and sure logic into most recondite conclusions. To him more than to any other is due the common but undeserved complaint about the economists, that their reasonings are in a world of airy abstractions quite apart from the busy world of men, and in fact, Ricardo makes great calls on one's powers of unflinching attention. His cramped style, as well as the very abstract nature of his studies, shows that he does not cater for the diletto reader of light literature. He springs nimbly from one premise to a far-off deduction, assuming that the reader will supply the missing steps in the reasoning. His assumption may be often justified, but a few pages of such concentrated argument make many of us very weary. Still, an invigorating tussle,

"something craggy to break one's mind on," Ricardo provides in plenty.

There are those, and they have reason for it, who swear by John Stuart Mill's book, *The Principles of Political Economy*, the suggestive completion of the title being, "with some of their applications to social philosophy." Though he himself added little that was quite new, he summed up and expressed in admirable prose what was worthy of preservation in his great predecessors. Moreover, as his sub-title makes clear, he sought to bring abstract theory again into relation with the stern realities of life, and well he achieved his aim. The literary charm of the book is equalled by its wide outlook on life, its sane reasoning, and its effective presentation of the principles of the subject, along with their application to practice. His style is clear, popular, and precise, and it is not obscured by the garnishing of technical terms without which some modern writers seem at a loss for adequate expression.

Many of the teachings of the early economists, deductions from the conditions of their own time and country, were, in the first half of the nineteenth century, too rashly accepted as universally applicable. Men spoke with reverential awe of the "laws of political economy," as though to advance such was an argument that could not be refuted. There were those who actually opposed the Factory Acts ultimately so beneficent to capitalists and wage earners alike, as being repugnant to "the laws of political economy." But, of course law here does not mean an ordinance of the legislature, to which men must conform or pay the penalty. Nor does it mean a law of Nature, something which must occur whatever our wishes in the matter may be. A law in political economy is simply the statement of a tendency, an assertion that, given certain conditions, certain things come to pass. Its teachings are not commands expressed in the imperative mood, but information given in the indicative mood. Thus we speak of the "law of diminishing return" (*q.v.*), we say that doubling the labour applied to a piece of land does not double its produce, or, in other words, the land gives an ever decreasing return to the additional labour expended on it, and this is perfectly true, "all other things being equal." But so many circumstances may counteract the tendency that the cautious economist will shrink from foretelling. Such counteracting agencies are: (1) The progress of agricultural knowledge, skill, and invention, (2) improved means of communication, (3) removal of fiscal and other burdens on agriculture. In short, anything that adds to the general power of mankind over Nature so far defeats the operation of this law. Thus in the actual complexity of human affairs prophecies are hazardous.

On only rare occasions Adam Smith ventured to predict, not always with success. He declares, for instance, that "the free importation of foreign corn could very little affect the interest of the farmers of Great Britain." He little foresaw the astonishing development of the transport industry which makes it possible to feed Liverpool and its populous hinterland with corn from the middle of America, and which brings the virgin soils of Canada into crushing competition with the farms of Cambridge and Norfolk. Again, he felt that the shackles which impeded freedom of intercourse were so firmly riveted, that "to expect that the freedom of trade should ever be entirely restored

in Great Britain is as absurd as to expect that an Oceana or Utopia should ever be established in it." He knew not the enormous powers for good and evil which the "Industrial Revolution" was to bring in its train, forces which proved capable of conquering prejudices and private interests, and of sweeping away the obsolete restraints under which industry languished. Mill, too, leaving for a while the calm contemplation of existing phenomena, often ventured on prediction which has not always been fulfilled.

Modern teachers of the subject are perhaps mildly anxious to emphasise their detachment from practice. Political economy—the housekeeping of nations—was, at first, as its name implies, an attempt to guide the statesman in his efforts to promote public well-being; that is to say, it was regarded primarily as an art: it undertook to give directions for attaining a given end, that end being the wealth of the nation. Now "Economics" tends to supplant the earlier name, as making the fact that the formation of a body of organised knowledge is the first object of its students; that is to say, it is now regarded primarily as a science: it deals with explanations rather than with precepts.

Still, there is no necessary conflict between the two aspects of the subject. A science is not worth much if it does not make our practice more intelligent and effective, and an art is better practised by one who knows the corresponding science than by him who works by rule of thumb, who trusts wholly to empirical knowledge. Practice, in addition to precept, is no doubt essential, but a gram of theory now and again is a useful complement.

Just as a knowledge of physiology is of the greatest value to a doctor, and a knowledge of psychology to him who has to train the mind, so an acquaintance with economics is useful to the business man—who is the economist in practice. The subject does not profess to teach how to get rich, but at least it should safeguard against palpable blunders. Moreover, just as Shakespeare is a greater playwright than his critics, in that he not only knew how a play should be written, but also wrote it, so the man who can put economic principles into practice is a greater economist than the man who merely writes about them.

From the first, indeed, the theory of economics has been closely associated with practice. The story of the compliment paid by Pitt to Adam Smith is well known. To a banquet in his honour, the aged philosopher came late. When he appeared the company rose from table, and Pitt said: "We will receive you standing, for we are all your pupils." Had it not been for the scourge of the Napoleonic wars, many of the doctrines of the *Wealth of Nations* would have been put on trial before the opening of the nineteenth century. As it was, they had to wait till the calm following Waterloo. Ricardo, again, had great weight with Sir Robert Peel, in many ways the greatest constructive statesman of the century, and the Conservative premier to whom more than to any other man is due the Free Trade policy of our country. In our own times the influence of Mill has been strongly operative on our legislature. In 1853 Gladstone allowed the amount paid for insurance to be deducted from the income assessed for income tax, and this had been advocated by Mill in 1818, in his *Principles of Political Economy*, on the very pertinent ground that a man should be taxed not on what he cannot, but on what he

could afford to spend. The device of different rates of assessment for "earned" and for "unearned" incomes, introduced by Mr Asquith into his Budget of 1907, was justified by arguments which will be found at length in Mill's capital chapter on the "General Principles of Taxation." Latest of all, we have the claim that the community shall share in gains made independently of the labour of the person who gains. The claim, which formed part of Mr Lloyd George's Budget of 1910, was hailed as a brilliant discovery or abused as a revolutionary innovation. Yet the reasons why this "unearned increment" should, in part at least, be diverted to the upkeep of the public services appear in the chapter to which allusion has already been made.

To make any pretension to being a science, political economy is obliged to make some rather large assumptions. It assumes within the community perfect competition, which implies (a) accurate knowledge on the part of buyers and sellers of the conditions of the market: every person knows his own good and pursues it without deviation, (b) a determination to follow the course which brings the greatest gain, without being influenced by sentiment of any kind. With unimpeded competition we should have realised what is constantly taken for granted, that there cannot be two prices for the same thing in the one market. It assumes perfect mobility of capital: its reasonings are founded on the supposition that capital seeks and immediately finds the most profitable employment. It assumes also perfect mobility of labour: it takes for granted that the worker will find the occupation and the place where he can make the most of his skill and industry. The very statement of these assumptions makes it clear how seldom they are justified. For

1. Competition is impeded, by custom, by ignorance, by carelessness or indolence, and by sentiment.

2. Again, capital which exists in any of the more permanent forms—"fixed" capital, such as factories, warehouses, specialised machines, and the like—cannot be diverted to uses other than their original one without much loss. Through our admirable banking system the vast mass of floating (circulating) capital approximates to the perfectly fluid capital assumed, but even here the fluidity is not complete.

3. And, though transport facilities and the spread of knowledge have made mobility of labour much nearer realisation, we must yet allow largely for "economic friction." Expense of removal, hesitation to change, fatalism itself, may keep the worker in a place where he earns a pittance, while another place offers him a far greater reward.

Finally, we must note that the economist is firmly convinced that as property rights have been more and more recognised, public welfare has increased in like degree. He asserts the close dependence of public welfare on private property. He takes note of a system based on individual property, he examines what circumstances under this system determine the amount of production, of employment for labour, the growth of capital, and of population; he seeks to ascertain what laws regulate rent, profits, and wages, and he strives to make clear under what conditions and in what proportions commodities are interchanged between individuals and between countries.

The traditional divisions of the subject are: (1) Production—the bringing forth from the raw

material provided by Nature of the utilities by which this raw material is made available for the services of man; (2) Distribution—the laws underlying the division of the whole amount of production among the various classes and individuals who participate; (3) Exchange—the determination of the relative worth, the value of commodities; (4) The influence of Government—the promoting or retarding effect which the State may exert on the well-being of the whole people. Of late, a department has been consecrated to (5) Consumption—a discussion of the causes which influence the desires for commodities. But most of the reasoning in this department belongs properly to psychology, the study of the mind, and we may anticipate that, after a temporary vogue, consumption as a separate division will disappear.

It will be obvious that these divisions are devised solely for the convenience of study. They are not found isolated in real practice. In actual life they are closely and inextricably united. Thus, the desire for consumption is the driving power of the whole economic system. Man may not live by bread alone, and no economist has ever held that the whole life of man is summed up in the pursuit of gain, in ways dictated by self interest. Nevertheless, most of the efforts exerted in the world must be applied for the satisfaction of physical needs—for the attainment of the food, clothing, and shelter, without which other aspects of life would be impossible. Production and exchange would cease if the wish to consume vanished, and there would be no problems of distribution to discuss. Exchange, indeed, may be regarded as a branch of production, on the ground that the process of production is not complete until the commodity is in the hands of its destined consumer. Again, the amount of production is closely dependent on the manner of the distribution; a man will produce little if, however much he produces, he may never hope to enjoy more than a little. "Industry and frugality cannot exist where there is not a preponderant probability that those who labour and spare will be permitted to enjoy" the labour of slaves is notoriously inefficient, and the labour of those who approximate to the position of slaves is inefficient in the measure of their nearness to that position. Facilities for exchange promote abundant production and permit of suitable distribution: division of labour, "the greatest improvement in the productive powers of labour," is possible only to the extent that exchange provides a market for the produce. Finally, the influence of Government—as providing security, protection against aggression from without and against the predatory wiles or violence of fellow-subjects within—supplies the conditions of abundant production and righteous distribution.

In all those divisions the economist has his ideal, which, though he does not obtain it, he keeps constantly before him, and he judges of economic conditions according to the degree of their approach to the ideal. In production he would have a minimum of effort to produce a maximum of effect. Not that he would doleful labour if he could, since one of the conditions of a happy life is activity for some definite object. He would, however, condemn no man to constant and monotonous drudgery for the meagre pittance, but would have men working at tasks in which mind played a great part, and in such labour for pecuniary gain he would have them working fewer hours in the day, fewer days in the

year, and fewer years of life. Scope for the unused energies would be found in social intercourse and active participation in large schemes for improving the condition of the people. He, therefore, welcomes all devices which economise labour or time, but since he knows that economic progress usually means the injury of some portion of the community, he would find means whereby what is an advantage to the whole community is no disadvantage to any individual in it. He feels that the legitimate effect of industrial improvements is the abridging of labour, not the making of large fortunes for manufacturers and others. "Hitherto," is Mill's melancholy conclusion, "it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being." They have only enabled a greater, but not a happier or better population to live the same life of dudgeon and imprisonment. The economist does not desire improvement in production for its own sake, but simply because material progress is the basis of all other improvement. Education, for instance, is not compatible with a starving body, nor is artistic culture a plant which will flourish in the soil of indigence.

In distribution the economic ideal is reward according to service. The share in the national income—the whole amount of goods produced—should not be dictated in accordance with prejudice, superstition, caste, or privilege, but in accordance with the real benefit conferred on the community. He pleads for the removal of restrictions on the ground that, on the whole, it leads to a just distribution. A curtailing of liberty means a lessening of the chances of mutual service. "Enlightened self-interest" leads a man to do what will be of most benefit for his fellows. It is not forgotten that self-interest sometimes needs educating before it becomes enlightened; the railway companies were taught to study the needs of the third class passengers, the most profitable class, by the "Parliamentary Trains" Bill of 1844, and in many cases the conscience of the community must be substituted for the often inadequate or torpid conscience of the individual. The ideal in the matter of population has already been hinted at. The economist wishes to improve the quality rather than to increase the quantity of people, and the means on which he relies both for the prevention of overcrowding and of making steps towards the perfecting of man are, (1) The spread of knowledge and the cultivating of the intelligence of the people by education; (2) the improving of the conditions on which people live, the raising of the "standard of life."

He is sometimes faulted with neglecting the subject of poverty, but in reality all his efforts are applied to its elimination. The economising of resources is the surest way to abolish it. Indeed, "poverty" is a vague term, and should be applied with great care; the "poor" man nowadays compared with the "poor" man an early stage of development is relatively rich. The industrious and frugal labourer has now at his command a supply of good things such as exceed that of "many an African king the absolute master of the lives and liberties of ten thousand naked savages." If by the verse, "The poor ye have always with you," it is meant that there must of necessity always be a "residuum," a subjugated mass living in perpetual wretchedness, and ever on the verge of starvation, the economist denies the necessity; but if it means, as it does

that there will always be scope for unrequited services rendered to the unfortunate, he acquiesces. He does more, for he affirms that, as society develops, differentiation must come into fuller play: the large fortunes stand out more prominently from the mass. But the elevation should be also the means for the uplifting of the rest. Civilisation means variety: the men who step out of the ranks make progress, but the race is tied together, and the whole procession moves up when the leaders take a step. Specialisation is one of the master principles of development. Therefore the economist does not hesitate to approve of even the largest fortunes, if made by providing for the community what the community wants, always with the understanding "that the ends of justice be not violated."

Political economy strives to give a reasoned account of the actions of men in relation to one special subject, the pursuit of wealth. How wealth is to be understood we will examine presently. Knowledge for its own sake is sought in the first place; but an endeavour is also made to throw light on practical issues; and in times when most questions in active controversy are questions of economics, its value is greater than ever it has been, and the responsibility of its students correspondingly higher. As its name implies, it is applicable not to the solitary individual or the separate family—the desert island or the domestic hearth—but to men living in societies. It is, therefore, one of the social sciences, and so is a branch of sociology or the study of men in organised communities. It is closely akin to psychology, the study of the mind, for it is largely concerned with the motives that influence men, but it studies these motives by means of their manifestations, that is to say, by the measure in which they are influenced by wealth—by money. In other words, it confines itself to the study of measurable motives. Again, though it does not concern itself with the approval or condemnation of a course of action, it yet takes for granted the existence of morals among the people with which it deals. Much of the reasoning of political economy would not be applicable to a race in which the fulfilment of contract could not be relied on; nor to a people among whom there was not sufficient self-restraint to submit to the common will. Ethics, therefore, the study of morals, is closely connected with our study. Finally, political science, or politics, is based very largely on an economical basis: in one sense, indeed, the people are organised in order that they may make the best use of its resources.

The subject matter of the study is mankind in relation to wealth, and the meaning assigned to wealth in political economy is more restricted and needs clearer distinction than in ordinary discourse. It is not quite the same as well-being. A genial and healthy climate is worth a great deal to a man, and is a great factor in his well-being, but since he cannot appropriate it, that is, restrict the use to himself and to those whom he will, it is not accounted as part of his wealth. The progress of the nation has, indeed, improved the lot of the labourer in numerous ways, in addition to raising his money wages. The advantage he derives from good laws, good roads, sanitary conditions of life, protection against violence and fraud; the chance he has for self-improvement by libraries, lectures, and the like, the "unpaid services" freely rendered to him by councillors, guardians, members

of Parliament; the opportunities he has of mutual intercourse by the Post and the Press, his share in the blessings conferred by medical discoveries or scientific inventions—all these tend to make his life a fuller and happier one than ever before. But because he has not exclusive control over them, because he shares them with the general body of citizens, he cannot count them as property. They form a part of public wealth, not private property; and though a man would be much poorer if he were deprived of them, he does not include them in an inventory of his possessions. The distinction between public wealth and private property is, indeed, analogous to that which exists between real wages (the total benefits the worker enjoys for his labour) and nominal wages (the wages estimated in money). To equalise advantages of occupation, it will need, for instance, a much higher wage in London than in Bournemouth. Nor is the idea of exclusive possession quite sufficient for the notion of private wealth. Things may be useful and agreeable to a person, and he may have exclusive control over them; but if he could not obtain other things in exchange for them, they do not enter into the scope of political economy. A family portrait may be greatly treasured by its owner, but it is not wealth in our sense unless other people would give something for it. If the portrait is by a great painter the case is altered: it has not alone worth to its owner, but it has some command over the whole stock of things useful and agreeable; and so we arrive at the old distinction between things which possess value in use and those which possess, in addition, value in exchange. The last are the subject matter of economics, and the definition of wealth which we are to adopt is: Wealth includes all useful or agreeable things which possess exchange value, that is, all objects of desire which Nature does not provide gratuitously and without effort. Put shortly, we are to understand wealth as anything which commands a price, price being value expressed in terms of money.

The main difficulty in dealing with questions of economics is that we are unable to isolate phenomena. In physics and chemistry we may make our own conditions and modify those conditions at will, that is, we may experiment. But this is altogether impracticable in economics—the most despotic ruler, who could ensure the most slavish obedience to his precepts would hesitate to introduce changes "just to see how they work." We must be content with careful and comprehensive observation, with laborious accumulation of facts, instead of having decisive experiments at our disposal. Besides, we have not in this science an accurate and delicate instrument for measuring. The chemist has his balances, the student of physics his thermometer and his rule. We have to be content, when measuring motives, with the rough method of money measurement, and we are at once faced with the fact that all men are not equally affected by pecuniary considerations, and that one man is not at all times equally affected by them. The "voluntariness of human action" upsets our nice calculation; and the diversity of individual tastes and powers prevents our applying general laws to individual cases. Economics cannot, therefore, ever become an exact science: we cannot speak of things as absolutely certain, but only as highly probable—though in many cases, for all human purposes, the probability amounts to certainty.

Closely connected with the first difficulty is the fact that we are seldom able to follow causes into their remote consequences, and that often the remote consequences may be different in character and greater in influence for good or evil than immediate ones. The charity extended to a needy man is a present good; but if he learns to rely on uncertain and casual help, greater harm than good has been done. If our indiscriminate almsgiving or our legal charity helps to make the condition of the beggar as desirable as that of the industrious labourer, we have helped to ruin the man and to injure the community.

The third difficulty arises in that the terms which political economy is constrained to use are not specially formed technical terms, but such as are already current in speech. They have, therefore, in many cases no clear connotation. Political economy is obliged a number of times to do a little violence to common usage, and hence arises an obscurity from the conflict between new and old associations. Two examples may suffice. When it speaks of "value in use," it is not employing "use" in any other sense than the capacity to satisfy desire. Thus whiskey would be of use to the drunkard, though the philosopher and the moralist would vehemently protest: political economy is concerned neither with praise or blame. Again, it speaks of interest as a "reward for abstinence." "Abstinence" here does not, however, imply any painful deprivation or sacrifice; but simply the employment as capital of what might be spent. In this sense, greater abstinence may be exerted by producing more, as well as by consuming less.

**POLL.**—The word "poll" (literally, a person's head, meaning here "a counting of heads") is used in connection with meetings to indicate that method of voting by which the votes are recorded in writing as against voting by show of hands. There are two principal reasons which may operate to make it desirable to take the sense of a meeting of shareholders by means of a poll. One is to allow shareholders to exercise voting power in proportion to their interest in the undertaking, the other, to enlarge the meeting so that absentees may have an opportunity of taking a part in deciding the question under consideration. At common law any one person may demand a poll, but this right may be, and usually is, qualified by the company's articles of association. Table A (*qv*), for example, specifies that a demand for a poll to be effective must be made by at least three members. This power to qualify is restricted by the statute in the case of a poll demanded for the purpose of voting on a special or extraordinary resolution. Section 69 of the Companies (Consolidation) Act, 1908, contains a provision to the effect that three persons entitled according to the articles to vote may demand a poll at any meeting at which an extraordinary resolution is submitted to be passed, or a special resolution is submitted to be passed or confirmed, but the articles may prescribe that the number shall be five or any less number, though not a greater.

It may be noted that, according to the wording of the Section, the provision applies not only to a poll on questions affecting the resolutions mentioned, but also to any other business which may be dealt with at any meeting where such resolutions are submitted.

A person holding a proxy for an absent member is not entitled to demand a poll, unless he be a member of the company himself.

The articles usually state the number of votes to which members are entitled in the case of a poll, as in Table A (Sec. 60), which says—

"On a show of hands, every member present in person shall have one vote. On a poll, every member shall have one vote for every share of which he is the holder."

The voting on every resolution must, in the first place, be by means of a show of hands, and the time to demand a poll is after this has taken place, and before or on the declaration by the chairman of the result. The demand should be made in writing, signed by the members responsible. On receiving the demand, the chairman should ascertain that it has been made in such manner as to be in conformity with the provisions in the articles, *e.g.*, that it has been made by the prescribed number of persons and that they are all entitled to vote. All being in order, he should grant the poll, stating when and where it will be taken, and, if he has already declared the result of the show of hands, intimate to the meeting that such result is nullified.

If the articles leave the chairman free to direct the manner in which the poll shall be taken, he should, when fixing the time and place, take into account the relative importance of the matter to be decided, and whether the meeting is a representative one or not. If he deems it desirable that members who are absent from the meeting should have an opportunity of recording their votes on the resolution to be submitted, he should fix a future day for taking the poll, and arrange for all shareholders to be notified of the appointed time and place. All members are entitled to vote on a poll, whether they were present when it was demanded or not.

Table A (Clause 59) states that—

"a poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith."

Any directions contained in the articles as to the manner in which a poll is to be taken must be strictly observed, and the chairman should always ascertain to what extent his powers are restricted in this respect before giving his decision.

Unless there are express provisions in the articles, there is no power to take a poll by means of voting papers, *i.e.*, papers sent to shareholders which they are to return to the company within a given time after having recorded their votes thereon. Shareholders or their proxies (where proxies are allowed) must attend the appointed place and record their votes, and this will be so even where the articles contain a clause like or similar to Clause 57 of Table A, which provides that if a poll is duly demanded, it shall be taken in such manner as the chairman directs, since it has been held that the chairman has no power by virtue of such an article to sanction the poll to be taken otherwise than by personal attendance on the part of the members or their duly appointed proxies.

For the purpose of taking a poll, it is advisable to have at hand—

(1) Sheets of paper printed in columns headed: "For the Resolution," "Against the Resolution," with subdivisions in each case for "Signatures" and "Number of Votes." A column for "Remarks" will also be found useful.

(2) A list of shareholders, showing the number of shares held by each and the number of votes to which each is entitled.

(3) The register of members (for reference in case of need)

The exact terms of the resolution to be voted upon should appear at the head of each sheet of paper, so as to avoid any misunderstanding on the part of those voting. All persons entitled to vote should be requested to sign their names, in one or other of the columns headed "Signatures," the number of votes being afterwards inserted from the list of shareholders.

The number of votes cast either way should then be ascertained, and in due course the fate of the resolution made known to the meeting by the chairman. Where there are a very large number of shareholders, it may not be possible to count the votes the same day, especially if, in addition, there are a number of proxy forms requiring scrutiny. Under such circumstances the chairman will adjourn the meeting until some future date, when he will declare the result of the poll. On this point, Sir F. B. Palmer, in his *Company Precedents*, mentions that "sometimes there is no formal adjournment, but it is arranged that notice of the result shall be given, and to this there would seem to be no legal objection."

**POMEGRANATE.** The reddish fruit of the *Punica granatum*, a native of Asia Minor, now cultivated in most warm countries. It somewhat resembles an orange in appearance. The rind is thick, tough, and bitter, owing to the presence of tannin, which makes it useful in the preparation of certain fine varieties of leather. There is very little demand for pomegranates in England. Those obtainable in the market are chiefly Portuguese.

**POND.**—(See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**POOLING.**—This is a term which is applied when a certain number of individuals who are the holders of specified shares in a company agree that none of them will put with his holding except under the conditions set out in the agreement, e.g., until the shares are dealt with in the open market at a particular price. The object of this arrangement is to prevent the shares being freely dealt with when an effort is being made to raise their price in the market. Pooling shares is closely connected with rigging the market (*qv*), for the promoters of a rig could never carry out their object unless it was certain that no particular shares were obtainable for a period. The name is used in America to denote a combination of railway companies, for the purpose of manipulating freight rates, etc.

**POOR LAWS.**—The English poor law took its rise in the time of Queen Elizabeth. It was then held to be a religious, rather than a civil, duty for every parishioner who was able to contribute towards the support of the poor, whether they were young or old, in health or in sickness. This great Act bears the statutory title of 43 Eliz. c. 2. This means that the statute was passed in the 43rd year of the reign of Queen Elizabeth, and was the second statute passed in that particular year. The popular title of the statute is the Poor Relief Act. It created overseers of the poor, who were to be the churchwardens of every parish, and four, three, or two substantial householders who were also to be overseers. All the overseers were to be nominated by two or more justices for the county.

**The Overseers.** The duties of these earliest overseers were to set to work those children whose parents could not support them, to set the indigent parents to work, and to get the material together

on which these persons were to spend their labour. The material was flax, hemp, wool, thread, iron, and other necessary ware and stuff. The overseers were also to grant relief to the lame, impotent, old, and blind, and were to put out the children to apprentice.

**The Poor Rate.** The money required for these beneficent duties was to be obtained by taxing every inhabitant, parson, vicar, and others, every occupier of lands, houses, tithes, coal mines, and saleable underwoods, in such competent sums of money as the overseers shall think fit. Such was the origin of the poor rate, the most venerable national rate in the kingdom. The poor rate forms the basis of all other parochial rates and of imperial taxation. In order that each inhabitant may be rated in accordance with his means, it is necessary for the overseers to make a list of each ratepayer, and to rate him according to the house, shop, or other building or lands which he owns or occupies. This ratepayers' list also forms the basis, for the most part, of the electors whose votes return members to Parliament, or councillors to the county council, the town council, the urban and rural district council, the boards of guardians, and the parish council.

The overseer has been defined by later Acts as follows: The word "overseer" shall include every authority that makes an assessment for the poor rate. The expression "overseers" includes all persons or bodies of persons performing the duties of overseers, as far as regards the assessment of rates for the relief of the poor. The term "overseer" includes any person or body of persons performing the duties of overseers so far as regards the assessment, making, and collection of rates for the relief of the poor. (Valuation [Metropolis] Act, 1869). Churchwardens in rural parishes are no longer overseers *ex officio*, but overseers are now nominated and elected by the parish. An overseer who is so elected may also be a churchwarden, and often is so.

It is part of the law that a poor parish may be assisted by an assessment levied upon the wealthier parishes of the hundred (an ancient division of a county), or of the county itself. Any inhabitant who refuses to pay the assessment will be punished by distress and sale of his goods, under a warrant signed by two justices of the peace.

**Public Notice.** The overseers must give public notice of rates made for the relief of the poor, and must produce the same. This notice must be fixed upon the door of the church or churches within each parish. The overseers must give just and true accounts of all moneys received by them, and of all moneys rated and assessed and not yet received. These accounts must be verified and sworn to by oath or affirmation before one or more justices of the peace. The accounts are to be preserved in a public place, and all ratepayers may inspect them on payment of 6d. If a copy of the rate-book is desired, the ratepayer may have it on payment of 6d. for each 300 words.

**Appeals.** Any person aggrieved by the rate or assessment may appeal against it to the next general or quarter sessions of the peace. A true and just copy of all rates must be fairly written and entered in the rate-book within fourteen days after all appeals have been settled. Churches, chapels, meeting-houses, or premises used expressly for religious worship are exempt from payment of the poor rate. Places of worship, other than those of the Established Church, must be registered, and

such places may also be used as a Sunday school or infant school, or for the charitable education of the poor.

**Net Annual Value.** No rate for relief of the poor shall be made by any justices except upon an estimate of the net annual value of the several hereditaments rated thereunto. (Hereditament from *heres* (Latin) heir, that which may be inherited, *e.g.*, land.) Net annual value is the rent at which the property might reasonably be let from year to year, free from rates and taxes, and after deducting the average annual cost for repairs and insurance. The list containing the valuation of the property of each ratepayer in the parish is called the valuation list. All officers who make the valuation have the right to enter upon the lands or into the houses of the ratepayers for the purpose of assessing their annual value.

The following societies are exempt from rates: Those instituted for purposes of science, literature, or the fine arts, provided that such society is supported in whole or in part by annual voluntary contributions, and does not distribute any profit amongst its members.

**Assessment Committee.** A ratepayer may appeal to the assessment committee of his union to have his valuation reduced. This committee has the right to reduce the assessment complained against, and they may call for and amend the valuation list accordingly. When property is valued for assessment to the poor rate, the valuer who makes the valuation must do so in writing, and must sign the same. The valuation is open to inspection for fourteen days, and notice of the valuation must be sent to the following large ratepayers: railway, telegraph, canal, gas, and water companies.

The expenses of the overseers who make the poor rate must be charged on the poor rate, and, if necessary, the guardians of the poor may borrow money for the purposes of making the valuation list—a costly undertaking.

**Administration.** A brief summary of the work done by the guardians and overseers of the poor must now follow: Pauper lunatics are dealt with under the article on LUNACY (*qv*), a contribution towards the cost of each pauper lunatic is paid by the board of guardians to the authority which manages the lunatic asylum in which the pauper lunatic is placed. The work of the guardians in all directions is strictly supervised by the Ministry of Health. Each board of guardians controls a union which may consist of one parish, but generally, as the name "union" implies, it is a union of several parishes for poor law purposes. In urban districts and in towns the guardians are specially elected for their duties, but in rural districts the person who is elected as a rural district councillor becomes, by that election, the guardian of the poor for the parish which the rural district councillor represents. Women are eligible for election as guardians, and render excellent service. (See GUARDIANS.) The guardians are not permitted to have much initiative, except in the administration of poor relief; and the officials of each union, although ostensibly controlled by the guardians, are in reality governed and morally supported by the Ministry of Health.

**Outdoor Relief.** Outdoor relief is granted to every able-bodied person requiring relief, but such person shall only be relieved in the workhouse of the union. On the other hand, there are many cases of genuine distress which are relieved outside

the workhouse, *e.g.*, such as arise from sickness, accident, bodily or mental infirmity, and cases of widowhood where the widow is left destitute and with a family. The number of persons receiving out-relief, or relief outside the workhouse, is quite double as compared with those receiving indoor or workhouse relief. Poor law medical officers (the parish doctors) may give medical attendance and medicine to poor people, and this form of relief does not disqualify the ratepayer; he can still vote in parliamentary and municipal elections.

**The Casual Ward.** The casual ward of the workhouse supplies food and a night's lodging to the able-bodied in return for a certain amount of work to be done. The great work of the workhouse is the provision of board, lodging, clothing, nursing, recreation, and education to the aged, the disabled, to women, and to children respectively. The poor law children are sometimes educated in large workhouse schools, sometimes in private homes of the poor (the boarding-out system), and sometimes in cottage homes under the special control of the guardians.

**Relieving Officers.** The relieving officers in each parish are the eyes and ears of the guardians. They receive all applications for relief, and examine into the circumstances of every case by visiting the house of the applicant, and by making all necessary enquiries. The relieving officer makes his report in a regular form to the next meeting of the guardians. The relieving officer can do the following things: Give immediate relief and distribute the outdoor relief.

**Expenses.** The cost of poor relief is borne by a common fund provided by each poor law union. Each parish, which is part of the union, contributes its share in accordance with its rateable value. In the metropolis the fund is called the Metropolitan Common Poor Fund, by means of which the richer parishes are better able to help the poorer. The poor rate generally is augmented by State grants, out of which grants are paid the salaries of union officers and officers of district schools, and a contribution towards each pauper lunatic.

**Classes Relieved.** The guardians may recover the whole or a part of the relief they give to a person from any of the following, if they are able to pay: Husband, wife with separate property, grandparents, children, or grandchildren. The persons relieved under the poor law are thus classified: Ordinary paupers, *i.e.*, men, women, and children under sixteen; insane, *i.e.*, men, women, and children under sixteen, and variants. The expenditure of poor law administration includes: In-maintenance, out-maintenance, lunatics, salaries and pensions, repayment of loans with interest, and other expenses. The receipts include: The poor rate, county grants, payments by relatives, grant from the State, other payments. (See GUARDIANS.)

**POOR RATES.** (See POOR LAWS.)

**POPLIN.** A dress fabric with a corded appearance, due to the warp of worsted being thicker than the weft of silk. Poplins introduced into Ireland by the Huguenot refugees at the beginning of James II's reign, and which poplins are still considered the best. The manufacture is also carried on at Manchester and at Lyons, but the silk is now frequently replaced by cotton or flax.

**POPPY.** A genus of plants with large, showy flowers. There are many varieties, the most important being the *Papaver somniferum*, from which opium (*qv*) is obtained. This species also



yields a yellowish oil used in the arts, and for purposes of adulteration. In India the seeds are employed as a condiment.

**PORCELAIN.**—The name given to the white, translucent earthenware, of which the finest china goods are made. It consists principally of kaolin (*qv*), and is also known as hard-paste porcelain, to distinguish it from the soft-paste imitations. The English soft-paste variety is known as "finest porcelain," owing to the resemblance it bears to glass.

**PORCUPINE QUILLS.**—The porcupine spines or quills most used in commerce are those of the North African species. They are employed chiefly in fancy work, and are imported from the Gold Coast.

**PORK.**—Those parts of the flesh of the pig which are not known as ham and bacon. Great Britain imports tremendous quantities of pork, both fresh and pickled, chiefly from the United States. There are also considerable imports from Canada, Holland, Belgium, Denmark, and France, by far the largest quantity of fresh pork coming from Holland.

**PORPOISE.**—A marine animal of the whale genus, about 5 ft. in length, abounding in the seas round Britain and in the North Pacific. Its blubber yields a useful oil, and its skin makes a strong leather suitable for covering carriages, etc., but most of the so-called "porpoise" leather is prepared from the skin of the white whale, which is more than twice the size of the porpoise, and is found in the Arctic Ocean.

**PORT.**—This word is used in three senses, apart from the name given to the well-known wine and referred to in the next article.

(1) The place of the arrival and the departure of ships, where they embark and discharge their cargoes. In consideration for the use of these places of embarkation and discharge certain charges are made, known as port dues.

(2) The left hand side of a ship when looking towards the bow. The name "port" has taken the place of the old term "larboard."

(3) An aperture in the ship's side to admit air and light, or through which a gun may be pointed.

**PORT.**—The well-known rich dessert wine. The best is produced in the valley of the Douro, and is exported from Oporto. This Portuguese town gives the wine its name. The alcoholic strength of port varies from 18 to 25 per cent. The wine takes some years to mature, but should not be kept longer than thirty years. During the period of storage the colour changes from pale red to tawny brown. Adulteration is very common, a decoction of elderberries, molasses, raisin-juice, and brandy being frequently mixed with the pure wine in order to improve its colour, flavour, and bouquet. Certain ports are produced both in France and Spain in the neighbourhood of the Pyrenees, but they are very inferior to the Portuguese product.

**PORTAGE.**—(1) The act of carrying, generally called portagee.

(2) The price charged for carrying goods, also known as portagee.

(3) The piece of land which lies between two lakes and streams, over which goods and boats have to be transported by porters.

**PORTER.**—A person who carries goods and merchandise for reward.

**PORTER.**—A sort of dark-coloured beer prepared from an inferior kind of malt, and darkened by the addition of caramel and liquor. Its alcoholic strength varies from 4 to 6 per cent.

**PORTERAGE.**—This is the name given to the charge made for the carriage of goods generally. It is also very frequently applied to the charge made by the post office for the delivery of telegrams outside the ordinary radius. The ordinary charge for inland telegrams includes the cost of delivery within the town postal limits or within three miles of a head office. Beyond that limit, a higher charge is payable. Porterage is paid, in the ordinary course of things, by the sender of the telegram.

**PORT OF LONDON AUTHORITY.**—A Royal Commission was appointed in 1900 to enquire into the administration of the Port of London and other related subsidiary matters. In 1902 it reported that the Port of London was in danger of losing part of its existing trade, and part of the trade which might otherwise in future come to it, by reason of the river channels and docks being inadequate to meet the growing requirements of modern commerce.

As to the docks, the Commissioners found that the chief difficulty in improving the Port consisted in the number of different authorities and the division of their powers. They recommended the purchase of the three chief dock companies (which owned most of the docks)—the London and India Docks Company, the Surrey Commercial Dock Company, and the Millwall Dock Company.

As to the Channels, the Commission considered that the Thames Conservancy, which had been the principal port authority since 1857, having then succeeded to the position of the City of London, had not sufficient funds to maintain effectively and improve the river channels, and had neglected to obtain financial and other powers for this purpose.

At the time of the Commission's report, and until the Port of London Act, 1908 (8 Edw. VII. ch. 68), which was passed thereupon, and embodied most of its recommendations, there were a number of public authorities exercising control over the Thames. The Thames Conservancy controlled the traffic, dredging, and improvement of the river. The Trinity House managed the pilotage, buoying, and lighting of the port. The Watermen's Company (*inter alia*) licensed and controlled the lightermen and watermen. The Corporation of the City was the sanitary authority, and the Metropolitan Police did police duties on the river. The Act left untouched Trinity House, the Corporation, and the Metropolitan Police. It created a new port authority, which took over the functions of the Thames Conservancy on the lower river below Teddington and Twickenham, and also the above-mentioned duties of the Watermen's Company. This new port authority is known as the Port of London Authority, and is a corporate body with a common seal, consisting of twenty-eight members, or, if the chairman and vice-chairman are appointed from outside the body of members, as they may be, of thirty. Of these twenty-eight members, eighteen are elected and ten appointed. The electors of seventeen are the payers of dues, wharfingers, and owners of river craft, and one is elected by wharfingers alone. The wharfingers and warehousemen are a body of persons exercising an ancient trade on the river, and with special interests, which in all legislation have been carefully protected. They have a special interest in what is known as the right of "free water." Under the Dock Acts, barges and lighters have had secured to them the right to pass freely in and out of the docks, and to load and unload over-side from ships lying in the docks, without paying the dock companies any dues. This was to prevent

their right to "free water" on the river being encroached on by the dock companies. In this the wharfingers have an evident interest as competing warehousemen with the dock companies, and they are accordingly given a special representation on the authority.

The appointed members are: One appointed by the Admiralty; two by the Board of Trade; four by the London County Council (two from members and two from outside); two by the City Corporation (one from members and one from outside); and one by the Trinity House. One member appointed by the Board of Trade and one of those appointed by the London County Council are only to be chosen after consultation with organisations representative of labour. The ordinary members are unpaid; the chairman, vice-chairman, and chairman of committees may be paid.

After March 31st, 1909, the powers and duties of the Thames Conservancy, and of the Watermen's Company, and the undertakings of the Dock Companies, were transferred to the Port Authority, the stock of the dock companies being converted into port stock by voluntary agreement with the companies.

The duty was placed on the Port Authority of taking into consideration the state of the river and the accommodation and facilities afforded, to improve them by carrying on the dock undertakings, by acquiring other undertakings affording facilities or accommodation for dealing with and warehousing goods, by constructing and equipping docks, wharves, jetties, railways, and other works, and by exercising any other powers conferred on or transferred to the Port Authority by the Act.

The power to purchase new undertakings for facility of accommodation must be exercised with the consent of the Board of Trade. When the Port Authority and the owners of the undertakings cannot agree, the Port Authority may promote a Bill in Parliament.

So, too, the construction and equipment of docks and other works is to be on the order of the Board of Trade, which also is to authorise the purchase of land otherwise than by agreement, and the imposition, levying, and collection of dues and rates and tolls for such works.

The financial powers conferred on the Authority are the levy of (a) rates on goods entering the port; (b) dock dues on ships; and (c) the issue of port stock on borrowed capital.

(a) **Port Rates.** All goods imported from beyond seas or coastwise into the Port of London, or exported therefrom abroad or coastwise, are chargeable with such port rates as are fixed by the Port Authority, not exceeding those sanctioned by a Provisional Order made by the Board of Trade, and they must be charged equally to all persons in respect of the same description of goods, nor are lower rates to be charged on goods discharged from a vessel in the Authority's own docks or landed or warehoused on their premises.

The amount of the port rates on goods is a limited as follows: When the port rates on goods in each of two successive years exceed one one thousandth part of the aggregate value of the goods imported into and exported from the port, from and to parts beyond the seas, or if the amount of port rates on goods discharged from or taken on board ships, not within the premises of a dock of the Port Authority exceeds one three-thousandth part of such aggregate value, the Port Authority is to

take all necessary steps to prevent the continuance of the excess, including, if necessary, an application to Parliament to provide them with further means of meeting their financial obligations.

(b) **Dock Dues on Vessels.** The rates which the India and London Docks Company had formerly power to levy are now levied by the Port Authority on all the docks acquired or to be acquired or constructed by the Port Authority, except on vessels passing along the canal of the Surrey Commercial Dock Company.

In the Sections of the Act relating to the exercise by the Port Authority of the powers and performance of the duties of the Watermen's Company, and the Court of the Watermen's Company, it is provided that, in regard to the registration or licensing of craft and boats, the fees to be imposed by the Port Authority shall be limited by Provisional Order of the Board of Trade.

Moreover, under a Thames Conservancy Act of 1905, the Conservancy had power, in order to secure money for dredging, to impose duties of 1d. and 1½d. per ton on certain defined vessels. This was only a temporary provision for three years, but it is made permanent for the benefit of the Port Authority.

(c) **Issue of Port Stock.** The Port Authority took over the undertakings of the dock companies at a little over £22,000,000, in the newly-created Port Stock under the Act, the holders of the companies' capital having distributed to them two classes of A Port Stock at 3 per cent, and B Port Stock at 4 per cent. A Port Fund was established, to which all the receipts of the Port Authority were to be earned, and which was to be the security for all the liabilities taken over by the Port Authority, debenture and other charges on specific property remaining charged on that property. Other borrowing powers for carrying out the duties of the Port Authority are given, and the issue of Port Stock is to be on such terms as to distribution of A or B Port Stock and redemption as the Board of Trade may prescribe. But the total amount of Port Stock is not, unless Parliament otherwise determines, to exceed by more than £5,000,000 the amount of Port Stock issued for the transference of the dock companies' undertakings. So that beyond the £22,000,000, the borrowing powers are limited to this £5,000,000, unless with authority of Parliament. The greater part of this sum would probably be required for dock extensions and dredging and other works on the river.

The charges on annual revenue are payable in the following order: (a) Payment of working and establishment expenses and cost of maintenance and execution of powers and duties of the Port Authority (this includes pensions, superannuation allowances, and compensation to officers and servants of the dock companies, as provided for in the Act); (b) payment of interest on A Port Stock and any arrears thereof; (c) the payment of interest on other classes of Port Stock, and any arrears thereof. Thus, A Port Stock is a first charge on the revenue, after payment of expenses, and B Port Stock a second charge.

**Miscellaneous Powers of the Port Authority.** The rights of parties dealing with the Port Authority are regulated by the existing Dock Acts, which the Port Authority will administer, except so far as they are altered by this Act. But under the Act (Sec. 27) persons alleging oppression in the conduct of dock or warehousing business against the Port

Authority may apply to the Board of Trade to act as conciliator, and if the complaint is made by a representative trade association, or relates to the mode in which the Port Authority carry on their warehousing business, the Board may make such an order as the circumstances may require.

There is a direction to the Port Authority (Sec. 28) to take such steps as they think best calculated to diminish the evils of casual employment on the docks, the riverside, and warehouses, and to promote the more convenient and regular engagement of workmen employed.

By a decision in 1902 (*The London and India Docks Company v. The Great Eastern Railway Company and The Midland Railway Company*, 1902, 1 K B 568), it was held that dock companies, though owning railways and sidings, were not railway companies so that the court could fix a through rate for goods.

By the Act (Sec. 31) the Port Authority is made a railway company for the purpose of fixing such through rates. Under this Section the Port Authority applied to the Railway and Canal Commission in 1912 to fix through rates between the Victoria and Albert Docks and certain provincial towns, on the ground that it was inexpedient to disturb the present rates or charges of the docks (*Port of London Authority v. Midland Railway Company, Great Eastern Railway Company, and Tottenham and Hampstead Joint Committee*, 28 T.L.R. 237).

No dues on ships or goods are leviable merely because the vessel passes through any part of the Port of London on a voyage between places situate on the River Medway or the River Smale, and not within the Port and any other places not within the Port.

By Section 44, compensation is to be paid to riparian owners and others for injuries to their property by dredging operations or deepening the river channel, and also to the London County Council and the Metropolitan Water Board.

**PORTO RICO.**—Also called Puerto Rico. This is an island, one of the smallest of the Greater Antilles in the West Indies, situated about 80 miles east of Haiti. It was formerly a Spanish possession, but was ceded to the United States after the war which concluded in 1898.

The length of the island is about 100 miles, and the area is 3,668 square miles. The population is about 1,250,000, of whom rather more than one-quarter are whites.

The surface is very diversified, the central portion being rugged and mountainous. The soil is fertile and the timber trees are very valuable—especially sandalwood and ebony. Coffee, sugar, fruit, tobacco, and cotton are cultivated and exported, the major portion of the trade being done with the United States.

*San Juan*, the capital, has a population of about 50,000.

The other towns of importance are *Ponce* (68,000), *Mayaguez* (41,000), *Caguas* (10,000), *Arecibo* (9,500), and *Guayama* (8,500).

For map, see WEST INDIES.

**PORTUGAL.**—**Position, Area, and Population.** The Republic of Portugal fills a narrow strip in the west of the Iberian Peninsula, and its outlook is towards the broad Atlantic, and America. Its area is nearly 35,500 square miles, or slightly greater than that of Ireland, and its population is about 5,500,000. Its small density of population (160 to the square mile) is largely due to its build, comparatively poor soils, and few minerals.

**Coast Line.** The coast line of Portugal, nearly 465 miles in length, is fairly regular, and is, on the whole, low-lying. The most notable opening is the estuary of the Tagus, containing the fine harbour of Lisbon.

**Build.** Portugal consists of the western part of the tableland known as the Meseta, the plains of Alemtejo and Estremadura, the lower valleys of the Minho, Douro, Tagus, and Guadiana, and the narrow coastal plain from the Minho almost to Cape Roca. The sierras of Spain thrust their western ends into the country, the Castilian Mountains being continued in the Sierra de Estrella, and the Sierra de Monchique extending the Sierra Morena. Portugal contains only the lower courses of the four rivers previously mentioned, but these rivers are of some importance to navigation. The Douro is navigable for small steamers to the frontier, and so is the Tagus. The Minho and the Guadiana are of less use to navigation.

**Climate.** Portugal has a moister and more equable climate than that of the greater part of Spain. It stands in the track of the north-east and north-westerly winds, and hence it receives a copious rainfall. Generally speaking, its climate may be said to be one of warm summers, mild winters, and rain at all seasons.

**Productions and Industries.** *Agriculture* gives employment to a large percentage of the Portuguese. It is, however, in a backward condition, notwithstanding the excellent example set by the Moors of old, and the suitability of the climate to many agricultural products. Over 40 per cent of the country is classed as unproductive, but probably some parts of this area could be utilised, if better farming methods were adopted and the inhabitants stimulated. The chief cereals are maize, wheat, and rye, the latter being grown mainly in the mountainous tracts, maize in the greater part of the country, and wheat in the Douro and Tagus valleys. The area under the vine is yearly increasing, and port wine is an important export. The best wine districts are in the river valleys. Oranges, lemons, figs, olives, and other fruits are grown, nearly 8 per cent of the total area of the country being devoted to fruit trees. Tomatoes, onions, and potatoes are produced in fairly large quantities.

**The Pastoral Industry.** Portugal possesses an advantage over Spain with regard to the pastoral industry in that the rainfall is greater, and consequently the grass land is more useful. Over one-quarter of the country is given up to pasture and fallow. Cattle are fed largely in the north, sheep and goats in the mountainous tracts, and swine in the acorn woods of the south.

**Forestry.** Less than 3 per cent of Portugal is forested. The oak and chestnut grow in the north, pines along the sea-coast, and the olive in Estremadura. In the south the cork-oak is of great importance, the products from it figuring prominently in the exports.

**The Fishing Industry.** The fisheries yield sardines, oysters, and tunny. Sardines are caught along the western coast, and the tunny along the Algarve coast. The whale and cod fisheries are of minor importance.

**The Mining Industry.** Portugal possesses considerable mineral wealth, but the scarcity of coal and the want of cheap transport have caused valuable mines to remain unworked. Lead and copper are the chief minerals worked, and some of the richest mines are worked by English companies.

Copper is mined in Alemtejo and coal in the neighbourhood of Leiria. Gypsum, lime, and marble are quarried, and a fair quantity of them is exported. "Bay" salt produced on the southern coast is of fine quality.

**The Manufacturing Industries.** Manufactures have developed much since 1890, but are not yet of great importance. Textile manufactures are carried on at Lisbon and Oporto, wine-making is important throughout a great part of the country, but especially in the Lower Douro valley, and other manufactures include paper, glass, and china.

**Communications.** The railways radiate from Lisbon northward through Coimbra and Oporto to Valença do Minho, and south-eastward to Faro. There are branch railways along the Tagus and Douro valleys, and all the important towns are connected. Roads are moderately well-kept, and water transport on the Douro and Tagus is of fair extent. The chief seaports are Lisbon, Oporto, and Setubal on the west coast, and Faro and Olhão on the south coast.

**Commerce.** Portugal exports wine, cork, cattle, fish (fresh and tinned), fruits, copper ore, and olive oil. The imports of the country include chiefly cereals, textiles, coal, cod fish, machinery, iron goods, sugar, and colonial produce. The chief trade is carried on with the United Kingdom, Spain, France, Germany, Brazil, and the United States.

**Trade Centres.** There are only two towns—Lisbon (436,000) and Oporto (194,000)—that contain populations exceeding 100,000, ten other towns have populations exceeding 10,000.

**Lisbon**, the capital and chief port, occupies a fine position on the Tagus estuary. It has textile manufactures, and exports cottons to the Portuguese colonies. Vessels plying between South America and Europe make it a port of call. Its main exports are wine, cork, and hats.

**Oporto**, the second port, stands at the mouth of the navigable Douro. Its shipments of wines, particularly "port" wine, are of great importance. It manufactures textiles and pottery.

**Setubal** is the third port, and exports "bay" salt. Other towns are *Laro* and *Olhao* (ports), *Braga* (in the province of Minho, one of the most important inland centres), *Coimbra* (university town), *Cintia* (summer resort), and *Evora* and *Lloas* (inland centres).

**The Azores**, a group of islands in the north Atlantic, are classed as part of Portugal. Their area is 922 square miles, and their population a little over 243,000. The capital is Ponta Delgada. The principal export is pineapples.

**The Madeira Islands**, off north-west Africa, are also governed as a province. Their area is 314 square miles, and their population about 168,000. The capital is Funchal.

**Colonial Possessions.** The Portuguese were important navigators in the fifteenth and sixteenth centuries. They discovered the Cape route to India, thus dealing a severe blow to Venetian trade, and gained vast colonies in South America. Though they have lost their American colonies, they still possess lands of great extent in other parts of the world. These possessions include—

ANGOLA, or Portuguese S.W. Africa—bounded on the north and east by the Congo State and Rhodesia, on the south by British South West Africa, and on the west by the Atlantic Ocean—has an area of about 517,000 square miles and a

population estimated at 5,000,000. Chief products—coffee, rubber, palm kernels, sugar, oils, copra, ground nuts, wax and ivory.

CAPE VERDE ISLANDS, which are about 350 miles from Cape Verde, consist of ten principal islands, with an area of about 1,500 square miles and a population of 141,000. Chief products—sugar cane, coffee, maize, and fruit.

GUINEA, on the west coast of Africa, is about 25,000 square miles in area and has a population of about 1,000,000. Chief products—ground nuts, palm oil, skin, rubber and wax.

ST. THOMAS' AND PRINCE'S ISLANDS, in the Gulf of Guinea, have an area of 151 square miles and a population of 42,000. Chief products—cocoa, coffee, and cinchona.

PORTUGUESE EAST AFRICA includes the two districts of Lourenço Marques and Mozambique on the Zambesi, and other smaller districts, having a total area of about 300,000 square miles and a population of nearly 3,000,000. Chief products—ores, sugar, rubber, ivory, oleaginous seeds, timber and wax. The most important ports are *Mozambique* (5,000), *Quilmane* (3,000), *Beira* (8,000), *Chinde* (2,000) and *Lourenço Marques* (13,000).

GOA (Portuguese India) is on the Malabar coast, and has an area of 1,600 square miles and a population of 531,000. Chief products—coconuts, fruit, spices, and salt.

MACAO is a small island lying at the mouth of the Canton River in China.

TIMOR is an island in the East Indies, the eastern portion of which belongs to Portugal. Chief products—coffee and wax.

There is a daily despatch of mails to Portugal, Lisbon is 1,110 miles from London, and the time of transit is a little over two days. To Oporto the time of transit is about two and a half days.

For map, see SPAIN.

**POSSESSION.**—When used in a popular sense, this word signifies the physical control over anything to the exclusion of any interference on the part of another person. In law possession signifies the right of a man to hold anything and to deal with it as owner to the exclusion of every other person except the true owner. It is thus seen that possession must be carefully distinguished from property, it is, in fact, clear that although possession goes a long way it does not give so wide an authority as property does. Take an example. A is the owner of a watch. A can do what he likes with it, having the property in it, he can keep it, destroy it, give it away, sell it, etc. A hands the watch to B, but not as a gift. A still retains the property in the watch, but B has the possession. B is entitled to retain the watch against every person other than A. For instance, if it is stolen B can prosecute the thief without any intervention on the part of A. It is often asserted that "possession is nine parts of the law." From what has been stated it will be seen how strong is the position of a man who has possession, as no one but the real owner can interfere, and if the real owner does nothing the possessor has a holding as good as property. Again, in the case of land—though not of chattels—long possession gives a prescriptive right after a certain number of years. In fact, by a statute of 1874, twelve years' undisturbed possession of land gives the possessor a right against the whole world.

**POSSESSORY TITLE.**—Where a person has been in the undisturbed possession of real property for

twelve years and has not paid any rent or acknowledged any person's right to the property, he acquires what is called a possessory title to the same, and becomes the legal owner thereof. But if the rightful owner was under a legal disability, *eg.*, infancy or lunacy, an action may be brought against the person claiming a possessory title within six years after the disability has ceased; but in no case can the land be recovered after thirty years from the time when the right of action first accrued, although the person under disability may have remained under the disability during the whole of the thirty years.

**POST.**—Owing to the fact that the postal arrangements of the United Kingdom are subject to variation, the merest outline is here given of the rules and regulations at present in force. For full information it is necessary to consult the "Post Office Guide," which is issued four times a year.

It may be noticed, as a matter of interest, that when once a letter is posted it becomes the property of the Postmaster-General, and he is the nominal prosecutor in all cases where letters are stolen. Again, there still exists a right on the part of the Government to open and to read all letters which pass through the post. This right, however, is practically never exercised except in time of war. In bankruptcy, the Official Receiver may obtain an order for the redirection of the letters of a person who has been adjudicated bankrupt, for a limited period.

**Inland Letters.**—Letters not exceeding 3 ozs. in weight are charged 2d., for those exceeding 3 ozs. the postage is one halfpenny for every additional ounce. There is no limit as to weight, but the maximum allowed for size is—length 2 ft., width 1 ft., depth 1 ft., unless sent to or from a Government office.

A letter posted unpaid is charged with double postage on delivery; if insufficiently paid, with double the deficiency.

Most things may be sent by letter post, but explosives, offensive or obscene matter, eggs, fish, meat, fruit, and vegetables are not accepted.

Most of the railway companies of the United Kingdom have entered into agreements with the Postmaster-General by which letters can be conveyed by the earliest available train or steamboat. No letter to be transmitted in this way must exceed 3 ozs. in weight, and in addition to the 2d. stamp, a sum of 3d. must be paid to the servant of the railway company. The letter may be addressed to be called for at the station to which it is sent, or may be transferred thence to the nearest letter-box for postal delivery. If the letter is not handed in at the passenger railway station, it must be delivered at an express delivery post office for immediate conveyance to the railway station by special messenger. For this an express fee is charged at the rate of 3d. per mile.

**Express Delivery.** Letters and parcels can be more quickly delivered than in the ordinary way—

(1) By special messenger all the way, this being the most rapid service, costing 3d. for every mile or part of a mile from the office of delivery to the address. Any number of packages, not exceeding ten, may be delivered by the same sender, at an additional fixed charge of 1d. for each article above one. Letters or parcels intended to be sent by special messenger must be handed in at an express delivery office; but articles of a dangerous or

offensive character are not accepted. The word "Express" must be written boldly and legibly by the sender above the address in the top left-hand corner of the cover.

(2) By special messenger after transmission by post. Letters intended for express delivery from the post office of destination may be posted like ordinary letters, but they must be clearly marked "Express Delivery," and have a thick perpendicular line drawn on each side of the envelope from top to bottom both front and back. The fee in addition to the ordinary postage is 3d. for every mile or part of a mile from the office of delivery.

(3) By special delivery in advance of the ordinary mail. Persons or firms who wish at any time to receive their letters and other postal packets, including parcels, book packets, newspapers, and circulars in advance of the ordinary delivery, may have them brought by special messenger by paying 3d. per mile for one packet, and 1d. for every additional ten or less number of packets beyond the first.

If a messenger is kept waiting at the place of delivery, a charge is made after the first ten minutes at the rate of 2d. for each fifteen minutes or a portion thereof.

There is no express delivery on Sundays (except certain letters specially marked and paid for), Good Friday (except in Scotland), and Christmas Day.

The above are the ordinary facilities granted for dispatching inland letters. There are, however, certain others, particulars of which are to be obtained at any post office or from the "Post Office Guide." The hours for posting letters and the times of the arrival of the mails must be gathered locally.

As a general rule, all prepayments of inland letters—and the same rule applies to post-cards, newspapers, book packets, and parcels—must be made by means of postage stamps. For the accommodation of firms which have an enormous amount of correspondence, the prepayment may be made by money in London, Edinburgh, and Dublin, as well as in certain provincial towns, when the amount payable for postage is £1 and upwards. But there are certain conditions attached to posting in this manner, and information must be sought at the post offices concerned.

Arrangements may be made by hotels, business houses, and other large establishments with the local postmaster by means of which letters can be collected from private boxes and delivered in private bags. As the rates charged vary in different localities, it is not necessary to do more than mention that facilities of this kind are in existence. With regard to some of them, the arrangements are quite experimental.

**Telegraph Letters.** To overcome the difficulties felt as to the early hour of closing the post in certain places, and also, as far as London is concerned, as to the interval between Saturday evening and Monday morning, it is now possible to communicate between certain towns after the post is closed by means of what are known as "night telegraph letters,"—the matter, of course, being telegraphed from one place to another,—these letters being delivered at their destination on the first round in the morning.

These telegraph letters are charged at the rate of 6d. for thirty-six words or less, and 1d. for every

three words beyond thirty-six, and they are delivered, as already stated, with the ordinary letters by the first post in the morning. They may be handed in in London at the counter of the General Post Office, King Edward Street, E.C., up to 10 p.m. on weekdays, or at the counter of the Central Telegraph Office, Roman Bath Street, E.C., up to midnight on weekdays and Sundays; and in the provinces at the head office counter up to midnight on weekdays and Sundays. In certain towns night telegraph letters are not accepted on Saturdays.

**Re-direction of Letters.** Letters may be re-directed either by the agent of the addressee or by the post office authorities.

(1) By the agent of the addressee. Letters, post-cards, halfpenny packets, and newspapers may be re-posted free not later than the day after delivery (Sundays and public holidays not being counted), and must not have been opened or tampered with. Parcels may be re-directed free of charge, within the same time limits, if the original and the corrected addresses are both within the delivery of the same office, otherwise they are charged at the ordinary prepaid rate on delivery.

(2) By the Post Office, (not undertaken during temporary absence, unless house is left empty, or from clubs, hotels, etc.). Notice of removal and for the re-direction of letters must be given on printed forms, to be obtained from the local postmaster or from postmen, and signed by the person to whom the letters are to be addressed. Separate forms must be filled in for parcels and for the re-direction and postal forwarding of telegrams. The notice holds good for twelve months, and may be extended by payment of 1s. for second and third and 5s. for subsequent years.

**Undelivered Letters, Postcards, Packets, etc.** Inland letters undelivered, bearing full name and address of sender, are returned unopened; others are opened and returned if possible to senders, a registration fee of 2d. being charged should anything of value be inside. If without an address, and containing nothing of value, they are at once destroyed. Undelivered foreign letters are returned unopened, after a short detention, to the countries whence received. Postcards, newspapers, and 1d. packets are re-delivered to sender on payment of a second postage, if his name and address, with a request for return in case of non-delivery, appear on the outside; those without such request are disposed of. If an undelivered parcel bears on the cover the name and address of the sender, it is returned to him at once. If the name and address of the sender are not shown on the cover, the parcel is sent to the Returned Letter Office of the District, where it is opened and examined. If it is found to contain the name and address of the sender, it is returned to him. No charge is made for the return of an undelivered parcel to the sender. If the name and address of the sender cannot be ascertained from the examination of the parcel, particulars are recorded at the Returned Letter Office, where the parcel is retained for three months before being disposed of, unless contents are perishable.

Inquiries for missing letters, etc., should be made at the Secretary's office, G.P.O. (North), St. Martin's-le-Grand, between 10 a.m. and 5 p.m.; Saturdays between 10 a.m. and 1.30 p.m. The Returned Letter Office is at Mount Pleasant, E.C.

**Poste Restante.** See the special article under this heading.

**Registered Letters.** All letters containing coins, watches, or jewellery are subject to compulsory registration. The term "jewellery" includes gold or silver, manufactured or unmanufactured, diamonds, and other precious stones. Letters containing documents of special value or securities for money or paper money should be registered. Under the term "paper money," the following are included:—

(1) Authorities for the payment of money, (2) bank and Treasury notes, (3) bank post bills, (4) bills of exchange, (5) bonds, (6) cheques, (7) coupons, (8) credit notes, which entitle the holder to goods or money, (9) exchequer bills, (10) money orders, (11) orders for the payment of money, (12) postal orders, (13) postage stamps (unobliterated), (14) promissory notes, (15) revenue stamps (unobliterated), (16) securities for money of all kinds.

Letters of which it might be important to prove the delivery should also be registered. By doing so the sender gains the benefit of the increased care taken by the post office to avoid loss. Every person who handles a registered letter has to give a receipt for the same.

The fee for registering an inland letter, postal packet, or parcel, is 2d. This fee, which must be prepaid with the postage, secures compensation in the event of loss or damage up to £5, except in the case of coin. Additional compensation up to a maximum of £400 can be obtained by paying higher fees according to the following scale:—

| Fee  | Limit of Compensation | Fee      | Limit of Compensation |
|------|-----------------------|----------|-----------------------|
| 2d.  | £5                    | 1s.      | £200                  |
| 3d.  | £20                   | 1s. 1d.  | £220                  |
| 4d.  | £40                   | 1s. 2d.  | £240                  |
| 5d.  | £60                   | 1s. 3d.  | £260                  |
| 6d.  | £80                   | 1s. 4d.  | £280                  |
| 7d.  | £100                  | 1s. 5d.  | £300                  |
| 8d.  | £120                  | 1s. 6d.  | £320                  |
| 9d.  | £140                  | 1s. 7d.  | £340                  |
| 10d. | £160                  | 1s. 8d.  | £360                  |
| 11d. | £180                  | 1s. 9d.  | £380                  |
|      |                       | 1s. 10d. | £400                  |

Every article to be registered must be handed to an agent of the post office, and a receipt obtained for it, or it will be liable to a double registration fee. It must be marked with the word "Registered," and the amount of the fee paid according to the compensation secured. For letters and official papers the registered envelopes, with the registration stamp embossed on the flap, should be used; and for specie they must be used.

The compensation paid in respect of loss or damage of coin does not exceed £5, whatever the amount of coin contained in the letter may have been, and no compensation will be paid at all if a registered envelope is not used.

**Inland Postcards.** Postcards may be either official or private. The former, of two kinds, may be obtained at any ordinary post office, and they bear an impressed stamp. Private cards require an adhesive stamp. The following general regulations apply to all postcards:—

(1) Nothing must be written or printed upon a card which may make it difficult to read the address.

(2) Private postcards must be made of ordinary card-board, no thicker than that used for official

cards. The largest size allowed for private postcards is the same as that of the largest official card, *i.e.*, 5½ ins. by 3½ ins.; and the least size allowed is not to be less than 3½ ins. by 2½ ins.

(3) An official postcard must not be folded, cut, or mutilated in any way so as to reduce its size below the minimum just named.

(4) Nothing must be attached to a postcard on either side except stamps in payment of additional postage or stamp duty, or a gummed label, not exceeding 2 ins. long and three quarters of an inch wide, bearing the address at which the card is to be delivered.

(5) The left-hand half of the address side may be used for correspondence, either inland or foreign.

It is to be noted that absolutely plain cards, provided they are of the regulation size, may be used for inland postage. If such cards are to be utilised for foreign postage, they must have the words "Postcard" written or printed upon them in such a manner as to be clearly seen by the postal authorities.

**Printed Papers.** The inland printed paper rate is as follows:—Not exceeding 1 oz., ½d.; 2 oz., 1d.; 4 oz., 1½d.; and so on, increasing ½d. every additional 2 oz. The limits of size are the same as in the case of letters.

The following are included:—

Matter wholly printed on paper (paper sent as stationery is not admissible), books and periodicals, manuscripts, proofs, examination papers with corrections, receipts, invoices, deeds and agreements, circulars produced in identical terms by any mechanical process (but not to include typewriting or imitations thereof unless they are handed in as such over the counter, and at least twenty copies are sent at the same time), prints or photographs (when not on glass, or in cases containing glass, or any like brittle or fragile substance), together with the legitimate binding or mounting, and anything necessary for safe transmission. Also printed cards of invitation, visiting cards, Christmas cards, etc., including "giant" picture postcards, but these must not bear words of courtesy exceeding five in number, *e.g.* "at home," "change of initials," etc. The packets must be open at the ends, but may be tied with string, or in an unfastened envelope or cover easily removed, and must contain no communication in the nature of a letter, except as just stated.

A special arrangement is made as to literature for the blind. Papers, periodicals, and books in special type are carried as follows:—Up to 2 ozs. ½d.; 2 lbs. 1d.; 5 lbs. 1½d.; 6 lbs. 2½d. The maximum size allowed is the same as that for letters.

**Inland Newspaper Post.**—Newspapers pass through the post within the limits of the United Kingdom at a cost of 1d. for each paper not exceeding 6 oz. in weight. For every additional 6 oz. ½d. is charged. The limit of size is 2 ft. in length by 1 ft. in width or depth. The limit of weight is 2 lbs.

Only those newspapers which are registered at the General Post Office can be sent at the above rate. The cost of registration is 5s. per annum. Unregistered newspapers and Christmas or other special issues of registered newspapers not forming any part of the regular series are treated as printed matter and are charged at the same rate as such.

The rule as to packing of newspapers is the same as that for printed papers. No writing or printing

is allowed, other than the words "with compliments," the name and the address of the sender, a request for the return of the newspaper if it is undelivered, and a reference to any page of its contents.

**Inland Parcel Post.** In order that a packet may be sent by inland parcel post, it must be presented at the counter of a post office for transmission as a parcel, or handed to a rural postman; but it must on no account be deposited in a letter-box. The words "Parcel Post" should be written or printed on the left-hand side immediately above the address, and the sender's name and address should appear on the cover, but in such a manner that it cannot be mistaken for the address of the parcel.

The dimensions allowed for an inland postal parcel are—

|                                    |              |
|------------------------------------|--------------|
| Greatest length                    | 3 ft. 6 ins. |
| Greatest length and girth combined | 6 ft.        |
| Greatest weight                    | 11 lbs.      |

For example, a parcel measuring 3 ft. 6 ins. in length may measure as much as 2 ft. 6 ins. in girth; and a shorter parcel may be thicker, thus should it measure no more than 3 ft. in length, it may measure as much as 3 ft. round its thickest part.

More than 11 lbs. must not be accepted from one person by a rural postman on foot or on a bicycle, without notice on the previous day, and the rural postman may refuse parcels if he is already loaded. A mounted postman must, however, accept as much as he can conveniently carry.

The full postage must be prepaid by means of postage stamps, which must be affixed by the sender. The postage stamps should either be affixed to the cover close above the address in the right-hand corner, as in the case of a letter, or to the official parcel post label which may be obtained at the post office.

The rates for inland parcel post are as follows:—

| Weight not exceeding in lbs. | Rates of postage |
|------------------------------|------------------|
| 2                            | 9d.              |
| 5                            | 1s. 0d.          |
| 8                            | 1s. 3d.          |
| 11                           | 1s. 6d.          |

It is to be recollected that certain customs duties are in existence in the Channel Islands and the Isle of Man, and certain goods brought from the former are liable to duty when landed on the mainland of the United Kingdom. The sender of a parcel by post must therefore make a declaration at the post office at the time of sending.

The following must not be sent by post:—

- (1) Anything of an offensive character.
- (2) Explosives, dangerous or noxious substances.
- (3) Sharp instruments, not properly protected.
- (4) Living creatures, except bees.

A postal packet must not contain an enclosure bearing a name and address differing from the name and address on the cover. Should any packet be observed to contain such enclosures, when tendered for transmission, it will be refused; and if any such packet is detected in transit, each forbidden enclosure is taken out, forwarded to the addressee, and charged with separate postage at the prepaid rate.

Liquids, glass, china, crockery, eggs, fruit, fish, meat, butter, etc., cannot be sent except by parcel post, and they must be carefully packed.

The registration, or insurance of parcels is noticed above.

**Foreign and Colonial Letters and Postcards.** The letter rate from the United Kingdom to most parts of the British Empire, to Egypt, to the United States of America, and the British postal agencies in Morocco and China is 2d for the first ounce, and 1d for every additional ounce. The charge to all other places is 2½d for the first ounce and 1½d per ounce afterwards. The rate for postcards is 1d.

The rates on letters and cards sent abroad must be prepaid. This, of course also applies to newspapers, packets, etc. No packet of any kind is forwarded if it is wholly unpaid, but if the postage is insufficient, there is a charge of double the deficiency made upon delivery.

No letter for a colony or a foreign country may exceed the limit in size of 2 ft. in length by 1 ft. in width & depth.

**N.B.**—The postage charges from a few British colonial possessions and certain foreign countries to the United Kingdom are higher than the charges from the United Kingdom to them.

If a letter addressed to a place abroad is posted unpaid or insufficiently paid, the letter will be detained and returned to the sender for the payment of the postage.

Coupons exchangeable for stamps of the value of 25 centimes, *i.e.*, about 2½d., each in any country participating in the arrangement can be purchased at any Money Order Office in this country at the price of 3d. each for the purpose of prepaying replies to letters. The coupons can be exchanged by the addressees at the Post Office of the place of destination for local postage stamps.

**Foreign and Colonial Newspapers, Book Packets, Etc.** The rates of postage are as follows:—

(a) Newspapers, Books, Catalogues, Photographs, Engravings, Music, and other wholly printed matter, ½d. for every 2 ozs.

(b) Commercial and Legal Papers, MSS., Invoices, Typewritten matter, etc., partly written, ½d. for every 2 ozs., with a minimum charge of 2½d.

(c) Patterns, Samples, and Scientific Specimens, ½d. for every 2 ozs., with a minimum charge of 1d.

To the British Empire or to those countries which have not joined the postal union, the limits are:—Size, 2 ft. in length by 1 ft. in width and depth, weight, generally 5 lbs. To countries in the Postal Union—Size, (a) and (b) 1½ ft. in length by 1 ft. in width and depth, (c) 12 ins. in length by 8 ins. in width and 4 ins. in depth, weight, (a) and (b) 4 lbs., (c) 12 ozs. (Egypt 5 lbs.). If in the form of a roll, the limits of size in all cases are—(a) and (b) 30 in. by 4 ins. (c) 12 ins. by 6 ins. Postage must be prepaid. Wholly unpaid packets are stopped. Double the deficit is the maximum charge on underpaid packets. Regulations as to packing, wrapping, etc., are similar to those for inland packets.

Magazines and newspapers registered for the purpose may be sent to the Dominion of Channel and to Newfoundland for 1d. per lb. (by direct Canadian Packet only from Liverpool every Monday). Limits—5 lb., 2 ft. in length by 1 ft. in width and depth.

**Insured Book Post.**—Jewellery and other articles of a similar nature (but not money) can be sent in strong boxes by letter mails to certain places in Europe at rates varying from 1s. to 3s. Maximum weight allowed 2 lbs., maximum size, 12 ft. long

by 4 ft. deep and wide. The insurance rates are as for parcels, with a limit of £400.

**Foreign and Colonial Parcel Post.** The rules and regulations as to prepayment, address, etc., are similar to those for inland postage. Owing, however, to the changes that are made by the postal authorities at different times, it is useless to state the provisions as to weights and rates which may easily be altered altogether every few months. The "Post Office Guide" must be consulted regularly in order to secure accuracy. It is to be hoped that uniformity will be established at no distant date. There is certainly a tendency in that direction, especially since the fixing of the Imperial British Parcel Rates. At present, there is nothing uniform in connection with foreign countries except the "triple system," *i.e.*, the system under which the limit of weight is 11 lbs., and the charges are divided into three parts, according as the weight of the parcel does not exceed 3, 7, or 11 lbs.

**Insurance.**—Insurance may now be effected up to £400, according to destination, at the following rates:

Up to £12, 1d.; up to £24, 6d.; up to £36, 8d.; up to £48, 10d.; up to £60, 1s.; up to £72, 1s. 2d.; and so on, increasing 2d. for each £12. The fee is 5s. 8d. for £300 and 5s. 10d. for £400.

For exceptions see the "Post Office Guide."

All foreign and colonial parcels are liable to be opened for customs examination, and their contents are subject to customs duty in the country or colony to which they are sent. This duty cannot be prepaid, but is, in each case, collected on delivery. The sender of every parcel is required to make a customs declaration on a form provided for that purpose.

This form must contain:—

- (1) An accurate statement of the nature and value of the contents of the parcel,
- (2) The date of postage, and
- (3) The net weight of the articles contained in the parcel.

It should be filled up in French and English, if destined to the continent of Europe, and should also be accompanied by a despatch note.

Letters and parcels may be insured to any amount at Lloyd's, with the underwriters there, or at any marine insurance offices in the same way as goods sent by sea, and this applies both to inland and foreign letters or parcels.

The time required for the transmission of foreign and colonial parcels is rather longer than that for letters and newspapers.

**Cash on Delivery.** A service of "cash on delivery" of parcels has been established between the United Kingdom and certain of the Dominions and Dependencies. Maximum collected, £20. Charges for collecting. In the United Kingdom, 1s. 4d. to 10s. 6d.; £15, 9d.; £20, 1s. exclusive of poundage on postal order or money order, by which amount is limited, in the foreign countries, according to a graduated scale—*e.g.*, £1, 3d. to 1s. 1d.; £5, 1s. to 2s. 3d.; £10, 1s. 11d. to 4s. 8d.; £20, 3s. 5d. to 9s. 1d., inclusive of poundage.

**Miscellaneous.** The following information comes from the post office is general in character, but yet of considerable importance.

**Stamps.** Postage stamps of the following values are issued by the Post Office: ½d., 1d., 1½d., 2d., 2½d., 3d., 4d., 5d., 6d., 7d., 9d., 10d., 1s., 2s., 6d., 5s., 10s., 1l.



Postage stamps are also used for receipts, telegrams, and certain inland Revenue duties up to 2s 6d.

Rural postmen are authorised to sell stamps of low values and registered letter envelopes.

Persons wishing to sell postage stamps must fill up a form, obtainable at any post office, stating the value of the stamps, and the name, address, and occupation of the vendor. The form and the stamps must then be handed in at any money order office and an acknowledgment obtained. An order for the payment of the face value of the stamps, less 5 per cent commission, will be sent by post from the chief office of account, London, Dublin, or Edinburgh. No smaller amount than one pound's worth will be purchased from one person.

Payment of postage cannot be made by means of imperfect or defaced postage stamps. Stamps are considered defaced when marked on the face with any written, printed, or stamped characters. Stamps may, however, be perforated with initials for identification.

Applications for the recovery of the value of spoiled or unused stamps, whether postage or revenue, can be made to the postmaster at most large Post Offices in the provinces.

Envelopes in various sizes, letter cards, post cards, and wrappers, bearing embossed stamps, are sold at Post Offices.

**POSTAGE.**—The money paid for the conveyance of letters, newspapers, book-packets, etc., by post.

**POSTAL ORDERS.**—These are orders which are issued by the vast majority of post offices in the United Kingdom, by means of which the transmission of small amounts of money is effected with great ease, when the senders, or the persons to whom the money is transmitted, do not happen to have banking accounts. In fact, they are a species of cheque (*q.v.*).

These orders are issued for varying amounts, increasing by sixpences, from sixpence to one guinea—~~with~~ the exception of 20s 6d, for which no provision is made. They may be obtained at any time, during which the post office is open for the sale of stamps. They are also issued at the British post offices at Constantinople, Smyrna, and Salonica, the British Postal Agency at Panama, and in Malta, Gibraltar, India, the Straits Settlements, Hong Kong, and Newfoundland. Such postal orders are paid at all money order offices in the United Kingdom, at Constantinople, Smyrna, Salonica, and also at Panama. Payment is made in Malta and Gibraltar, provided the orders were issued in the United Kingdom, or at one of the British post offices at Constantinople, Smyrna, and Salonica, or at the British Postal Agency at Panama.

The poundage payable on postal orders is 1d. each for orders from 6d. to 2s 6d, 11d. for those between 3s. and 15s., and 2d. each for those of higher value. Broken amounts, but not fractions of a penny, may be made up by the use of British postage stamps not exceeding fivepence in value, nor three in number, affixed to the face of any one postal order. Perforated stamps cannot be accepted for this purpose.

The sender of an order should fill in the name of the person to whom it is sent, and, if he so wishes, he can fill in the name of any particular money order office, when the order will be cashed at that office and no other. The insertion of the name of the paying office affords a safeguard against payment being made to a wrong person.

For additional security, at least as far as identification is concerned, the sender should fill in and retain the counterfoil of the postal order.

Postal orders may be crossed like money orders or cheques, and payment will then be made only through a bank. Also the holder of a postal order may, by writing on the face of it, defer payment for any time not exceeding ten days. In that case the name of the payee and that of the paying office must be written on the order.

As doubts existed at one time as to the negotiable character of postal orders, the words "not negotiable" are now printed at the top. If, therefore, a holder of a postal order, who has had the same transferred to him for value, finds that the transferor had no title to the same, he must, on demand, restore it to the rightful owner. (See *Nor NEGOTIABLE*.)

**POST DATE.**—To date after the real time. Though not altogether unknown in other matters, post-dating occurs most frequently in connection with bills of exchange and cheques. A bill (which includes a cheque) is not invalid by reason only that it is post-dated. But there are some points to be noticed about a post-dated cheque which are of special importance, particularly in connection with stamp duties. The authorities are not quite clear upon the matter, but it would be the safer plan for any person who holds a post-dated cheque to keep it in his own possession until the real date arrives. Thus, if a person draws and issues a cheque on the 1st August and dates it the 1st September, it is practically the same as if he accepted a bill payable one month after the 1st August. But if he accepted a bill, the stamp duty would be an *ad valorem* one, whereas on the post-dated cheque the duty is the usual duty upon a cheque, viz., two pence. It is thought by some authorities that a drawer may be liable to a penalty on the question of insufficient stamp duty, under the Stamp Act, 1891; but it is said that a similar question could not arise in an action on the cheque after the date of the cheque had arrived, because then the cheque would no longer be post-dated.

A post-dated cheque should not be paid before the date appearing thereon. If a banker pays it before that date, he will be liable for any consequences that may ensue, as, for instance, in the event of a dishonour of the cheque, which would not have been dishonoured if the post-dated cheque had not been paid, or in the event of the drawer giving notice to "stop payment" before the date of the cheque arrives.

A cheque presented for payment before the date has arrived should be returned marked "post-dated."

If a cheque is presented on a Saturday, and is dated for the next day, Sunday, it should not be paid on the Saturday. When the date upon a cheque has arrived, a banker is entitled to pay it, and he incurs no liability in doing so. After the date any holder may sue upon the cheque, though before the date he could not do so.

A post-dated cheque is sometimes given because the drawer does not expect to have funds to meet it until that date arrives. A purchaser often gives such a cheque, so that he may have a few days in which to examine his purchase before the cheque can be paid.

When a post-dated cheque is handed to a banker for collection when the date arrives, the customer should sign a paying-in slip dated for the day on which the cheque is to be credited.

Bankers do not discount post-dated cheques, but money-lenders advertise that they cash them for clients at a certain discount. (See BILL OF EXCHANGE.)

**POST ENTRY.**—When a bill of sight has been given in respect of goods, and it is afterwards discovered that the descriptions and quantities in the bill are incorrect, a post-entry is required to give the correct particulars.

**POSTE RESTANTE.**—This is a French phrase, often written upon letters and parcels which are sent through the post, and it signifies that the letters or parcels are to be left at a particular post office to be called for by the addressee. This convenience is generally made use of by persons who are travelling and who are uncertain as to their particular address in any specified town.

To prevent any abuse of this special privilege accorded to correspondents, the following restrictions are imposed by the postal authorities—

(1) The words "poste restante," or "to be called for," must be included in the address.

(2) Residents in a town cannot make use of the Poste Restante, and strangers may not use it for a continuous period of more than three months.

(3) Letters or parcels addressed to initials, to fictitious names, or to a Christian name without a surname, are not forwarded, but are sent at once to a returned letter office for disposal.

(4) Letters or parcels may not be re-directed from one Poste Restante to another in the same town, nor from a private address to a Poste Restante in the same town (N.B. The different postal districts of London are considered to be different towns.)

(5) Persons applying for letters or parcels must furnish all necessary particulars to prevent mistakes and to insure delivery to the persons to whom they properly belong. They must give some evidence of their identity.

(6) Letters from abroad addressed to the "Poste Restante, London," are retained for two months, letters from provincial towns for one month, and letters posted in London for a fortnight. At the expiration of these respective times they are sent to a returned letter office for disposal. A letter addressed to a provincial post office is only retained for one month, unless sent from abroad, when it is kept two months, as in London. If the letter is sent from a part of London and is directed to another part of London, the time of retention is a fortnight only.

*Poste restante* correspondence which bears a request for its return, if not delivered, provided no time is specified beyond that provided by the regulations, will be dealt with in accordance with the request.

Parcels which are addressed to a post office "to be called for" are kept for three weeks. At the end of that time, if not called for, they are returned to the sender.

**POST MERIDIAN.**—After mid-day; in the afternoon.

**POST OBIT BOND.**—A bond in which a person receiving money binds himself to repay the same—generally with the addition of a large amount by way of interest—after the death of an individual from whom he has expectations. These bonds are not looked upon with favour by equity, and relief will sometimes be granted by the court against them when they have been made by heirs or other expectants. Mere inadequacy of price is not

sufficient to set aside a post obit bond; but if it is shown that there has been anything of an over-reaching or unconscionable nature in the transaction, the court may order the bond to be delivered up, and only order the grantor to pay the sum of money actually advanced, together with reasonable interest and costs.

**POST OFFICE AS AGENT.**—The post is now used so frequently in communicating between parties that it is necessary to make the position as clear as possible, owing to the misapprehensions that arise even in so simple a matter. The post is in fact, an agent, and unless there is some special arrangement made, it is essential to know, as between the parties, whose agent it is. Speaking generally, the post is considered *prima facie* to be the agent of the first person making use of it, and this is, in the case of a contract, the one who makes the offer. It is as though the offer was being sent by a special messenger who is the agent of the sender. On general principles it is clear that an offer can have no effect unless it reaches its destination, and can always be revoked until the time of its acceptance by a subsequent communication, through the post or otherwise, which reaches the offeree before the first letter. If the letter is lost it is of no effect. (See CONTRACT.)

Now, as to the other party. The post is not, *prima facie*, his agent, but only the agent of the offeror. The handing of an acceptance to an agent is complete as soon as it gets into his hands, for the agent represents him who makes the offer. As is well known, an acceptance, unlike an offer, when once made cannot be revoked, and, therefore, on this principle, when an acceptance is posted, i.e., provided the offer was made by post and that the medium of the post is not being used for the first time by the acceptor, the contract is complete and the acceptance cannot be revoked. And it makes no difference in law if, in fact, the letter of acceptance never reaches its destination. It appears, moreover, that an acceptance once posted cannot be revoked, even by a subsequent telegram which actually arrives before the letter of acceptance. The acceptance is complete as soon as the letter is dropped into the box. If, on the contrary, the offeror sent his communication by hand, and the acceptor was the first to use the post, the acceptance is incomplete until it actually gets to the offeror.

The rules as to communication by post have been well established by a series of cases, one of the latest and most important being that of *Henthorn v. Fraser*, 1892, 2 Ch. 27. The rules governing this case were stated to be: (a) That where it must be presumed from the circumstances under which an offer is made the parties contemplated that the post might be used as a means of communicating the acceptance of the offer, the acceptance is complete as soon as it is posted, (b) That as, in this case, the parties were living in different towns, an acceptance by post must have been within their contemplation, although the offer had not been made by post, (c) That a revocation of an offer is not effectual until it has been brought to the mind of the person to whom the offer was made, and that therefore a revocation sent by post does not operate from the time of posting it, but from its receipt by the acceptor.

If an offer is made by telegram, it is to be presumed that an acceptance by telegram is expected, or that a prompt reply is looked for.

An acceptance by letter of an offer made by telegraph may be evidence of unreasonable delay on the part of the acceptor justifying the withdrawal of the offer.

Where communications are commenced through the medium of the post, and an offer made by letter is verbally rejected, the person who made the offer is released from his liability, unless he subsequently consents to renew the offer.

Where a letter is posted and is not returned through the Dead Letter Office, there is a presumption of law that it has been received by the person to whom it was addressed. The sender, however, must be prepared to prove that he posted the letter. For this reason it is important that a book should be kept containing particulars of all letters despatched each day, showing the addresses, the time the letters were posted, and the initials of the person or persons, who posted them.

Unless expressly or impliedly authorised to use the post, the drawer of a cheque is responsible for any loss which may arise through the miscarriage of a cheque sent by post. He has himself chosen the post as his agent, and he must bear the consequences. A request, however, on the part of the payee that a cheque should be forwarded in this manner will exonerate the sender completely, since the post is now the agent of the payee. Owing to the dangers attaching to open cheques (*q.v.*), these should never be sent by post on any account whatever. Bank notes should not be sent except by registered post. It is not an uncommon practice for notes to be cut in halves, one half being sent by one post and the other by a subsequent post. This avoids the risk of loss. The receiver must afterwards connect the two parts in order to negotiate them.

**POST OFFICE MONEY ORDER.**—(See MONEY ORDER.)

**POST OFFICE SAVINGS BANKS.**—This is a branch of the Post Office which was established by statute in 1861, and it has appealed to the general public to a remarkable extent, seeing that the government is a kind of guarantor for the repayment of the deposits made. There are certain limitations, however, as to deposits and depositors which must be carefully borne in mind.

No person may, for his own benefit, have two accounts in the Post Office Savings Bank at the same time, or have an account in a Trustee Savings Bank.

No more than £50 can be deposited in one year, and no deposit can be made which brings up the balance due to a depositor, including interest, to a sum exceeding £200.

Deposits may be made by children of seven years old and upwards, and on behalf and in the names of children under seven years old. In this case the money is not repayable until the children attain the age of seven.

Deposits may be made, without limit, by a registered Friendly Society; and by a Provident Society, Penny Bank, or similar Institution to the extent of £100 in any one year, and £300 in the whole, and if the consent of the National Debt Commissioners is obtained, without limit as to amount.

Every deposit must be entered in the depositor's book by the postmaster, or person receiving it, who must affix his initials and the stamp of his office to each entry. An acknowledgment for every deposit of £5 and upwards should be received by post from the Savings Bank Department in London.

Interest at the rate of £2 10s. per cent. per

annum is allowed on every complete pound, and commences on the first day of the month next following the deposit.

When a depositor wishes to withdraw any part of the sum due to him, he must make application for the same on a printed form, called a notice of withdrawal.

Depositors may invest their deposits in various Government stocks.

**POSTSCRIPT.**—An addition which is made to a letter or any other document after it has been finished.

**POST TOWN.**—A town in which there is a post office.

**POST-WAR PRICES.**—Board of Trade experts have assured us that prices in general will become stable, subject that is to inevitable fluctuations in supply and demand, about 1928, and that the level will be about 150 per cent. of 1914 prices. For some years before the outbreak of war, prices were, indeed, tending upwards. There had been, after the South African War, a great increase in the output of the gold mines. Moreover, people were becoming more habituated to the use of paper substitutes for money, cheques especially; and the use of these economising expedients operates in the same manner as an increase in gold. The greater the amount of gold compared with the amount of business to be done, the higher prices tend. For gold, together with the substitutes that people can be induced to accept in lieu of gold, means purchasing power, and as this power increases more of it is given for gold. (See QUANTITY THEORY OF MONEY.) During the war the rise was accelerated by the abundant issue of Treasury legal tender notes; the Government created purchasing power by means of its printing presses, bought its war supplies with this power, and so made a forced loan from the public. True, the Government has not flooded us with paper money as the Governments of Russia and Austria did their peoples. There the presses poured out "money" that loans and taxes could not supply, so that prices have been quite divorced from gold, prices (and wages which follow slow-footed in their wake) have been multiplied a hundredfold. None the less the issue of paper and the creation of bank credits were contributory factors to the rise, and the effect is likely to continue, for a resumption of the gold currency is not contemplated (See CURRENCY SYSTEM AFTER THE WAR). Like the tide which sweeps the water independently of the wind that heaps up the waves and hollows out their troughs, increase in "money" raises prices independently of particular causes.

Difficulties of transport, too, operated in the soaring of prices, lost shipping cannot speedily be replaced, and high freights will apparently rule for some years. But, except for bulky commodities like Russian and Swedish timber or Spanish non-ore, freight charges constitute but a small fraction of price. That cotton freights have gone up four or five times does not mean a penny a pound in the cost of over 3s. 0d.—six times the pre-war price and destined to be reduced only slowly. Shortage of supply in face of increasing demand is responsible for the steep rise. The North American crop suffered from insect pests, and from the fact that high corn prices caused the transfer of cotton land to corn land. So, in Egypt, where the Government limited the cotton growing area and ordered that the land be used for food crops. In

Central Asia the cotton-growing industry, flourishing before the war, was ruined by anarchy. Indian cotton, even if shipping had been available for it, could hardly fill the gap. The manufacturing countries, our own, France, Belgium, the United States, are clamouring for cotton. In the face of this massive demand no fall in price can be anticipated for a long while. Besides, much of the cotton fabric we shall use in the next year or two is already made—made of cotton bought at war prices, and in mills where workers were receiving war-wages, and where the engines were fed with coal at war-prices. So with wool, the new suit which is bought at the present time, may be made of cloth made during war times.

Rubber, as one of the few articles in general use that have remained at something like the pre-war prices, is a contrast to cotton. Exceptional causes have made it so. During the rubber boom there had been great activity in making rubber plantations in the East. These were in the years of war steadily coming into bearing. At the same time our rigorous blockade prevented supplies from reaching the Central Powers, so that German bicycles were actually made with springs round the outside of the tyres in place of rubber. Increased supply, therefore, counteracted decreased demand, and prices fell or failed to rise with the general rise. Now, however, that a greater effective demand exists, we may expect that even rubber will share in this general rise.

Peculiar circumstances influenced bread. In order to make shipping do as much work as possible, we brought supplies from the nearest point. Wheat and beef from the United States were dearer than mutton from New Zealand and wheat from Australia. But four or five voyages across the well-protected North Atlantic route could be made for one to the Antipodes. Australian wheat, therefore, had to be warehoused pending more peaceful times, and the price of American wheat went up. For land was cultivated that could pay only when prices ruled high. The price of wheat is controlled not by that raised at least expense, but by that raised at greatest cost, not by that grown on the best and most accessible land but by that grown on the worst and least accessible. All the wheat must be paid for at a rate that will recompense the farmer of the worst plot. The price, therefore, soared till it more than doubled that of July, 1914, and it would have been higher if the Government had not deliberately kept it down by payment to the bakers, out of loans and taxes, of a part of the true price of flour—just as Government will pay a part of the economic rent of the new houses. The 94d loaf, at the end of 1914, was costing the nation about £1,000,000 a week. We may perhaps anticipate a fall sufficient for the subsidy to cease, now that trade routes are safe and the warehoused stocks from the Dominions are available, but for long yet we shall probably need to reconcile ourselves to the price we are now paying as individuals.

We should, however, note that invention or improvements in machines, discoveries of the new ways of obtaining energy, or new methods and organisation, may well falsify prophecies of continued high prices.

**POT, POTTER.**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK.)

**POTASH.**—Crude carbonate of potassium obtained by boiling down the ashes of plants until

the water has evaporated. The resultant whitish solid is again subjected to heat, in order to remove organic impurities, and this purified product is known as pearl ash. Potashes may also be obtained from beetroot residues. Both potashes and pearl ash are used in the removal of grease stains, and in the preparation of caustic potash, which, in addition to its medicinal value, enters into the composition of oxalic acid (*qv*), soft soap, etc. Potash is an important constituent of flint glass (*qv*). It is also used in the preparation of the bicarbonate and other compounds of potassium.

**POTASH WATER.** The aerated water prepared from bicarbonate of potash. When containing 15 grains of the latter substance, it has a fixed medicinal value as a digestive agent.

**POTASSIUM.** A light, bluish-white, alkaline metal, chiefly valuable for its compounds, of which several, such as the nitrate (see *NITR*) and the chloride (*qv*) have been dealt with individually. It does not occur in its native state, but is found in combination in all fertile soil. The mineral kamite (*qv*), which is found at Stassfurt, in Germany, and much used as a manure, contains a large proportion of the chloride of potassium. The element itself is usually obtained by distilling a mixture of carbonate of potash and charcoal in an iron retort. When heated, potassium burns with a bluish flame, and when thrown on to water it abstracts the oxygen, and the liberated hydrogen takes fire. Its specific gravity is 87.

**POTATO.** This popular vegetable was introduced into Ireland from America towards the end of the sixteenth century, and is now cultivated in all temperate regions for the sake of its nutritive properties. The potato plant, of which there are hundreds of varieties, is the *Solanum tuberosum*, which is valuable only for its tubers. These contain a large quantity of starch, and to this they owe their importance as a food, both for human consumption and for cattle. The separated starch is known commercially as farina (*qv*). Glucose or grape sugar is obtained from it by the action of sulphuric acid, and the starch is largely used for this purpose in Holland and in Russia, while in Britain the glucose is fermented, and a spirit is obtained, known as potato brandy.

**POTTERY.** A comprehensive name for all articles made from earthy materials, especially clay. The potter's art is very ancient, having been practised in Egypt, and then in Greece, centuries before the Christian era. France, Italy, and Germany had been famous for their productions long before the middle of the eighteenth century, when English pottery began to make rapid progress owing to the initiative of Josiah Wedgwood, who is by many regarded as the creator of the industry in England. There are numerous varieties of pottery, but they generally fall into one of two divisions, being either soft ware, like delft, majolica, common earthenware and terra cotta, or hardware, which includes true porcelain (*qv*) and stoneware. In Great Britain the soft paste earthenware is by far the more important commercially, the hardware industry being practically confined to the Continent. The clay used varies greatly in fineness and purity of colour, some, like kaolin (*qv*), are fire-resisting, while others, like potter's clay, are easily fusible owing to the presence of lime, oxide of iron and similar fluxes. Among the materials used are Cornish clay, Cornish stone, flint, calmed bone, pipeclay, and felspar, the last-named being

employed mainly as a glaze. It is applied in this way in the manufacture of porcelain, which consists mainly of kaolin and receives the coating of felspar after the first baking, being then exposed to an extremely high temperature. Porcelain may be distinguished from ordinary earthenware by its translucency and whiteness, the latter characteristic being obtained by special treatment with salt of cobalt and sodium carbonate. The most highly prized porcelain is made at Meissen (near Dresden), Sèvres (outside Paris), and at Venice.

**POUND.**—This signifies either the weight of twelve ounces troy (5,760 grains) or sixteen ounces avoirdupois (7,000 grains), or the standard British monetary unit, consisting of a certain weight of gold, fixed by statute at 123.27447 grains troy. Forty pounds weight of standard gold bullion are cut up into 1,869 pounds or sovereigns. One pound weight is thus cut up into £46 14s. 6d.

**POUNDAGE.**—A charge which is made upon certain transactions and estimated at so much in the £.

**POUND BREACH.**—This technical term is used to describe the removal or the attempted removal of any goods which have been impounded in distress, and which are in *custodia legis*, i.e., in the custody of the law. (See DISTRESS.)

**POWDER.**—(See GUNPOWDER.)

**POWER OF ATTORNEY.**—(See ATTORNEY, POWER OF.)

**POWERS.**—These are rights which are granted to persons under a deed of settlement or a will as to dealing with the property comprised in the settlement or will. Powers are optional, and must be carefully distinguished from compulsory trusts. Thus, a trustee may have an optional power of sale. This is altogether different from a trust for sale. The commonest instance of a right of this kind is the power of appointment, granted under a marriage settlement or a will. The instrument under which the power is conferred must be carefully studied, and the rights granted to the appointor must be strictly carried out. No person to whom a power of appointment is given must make use of the same for his private advantage, otherwise it will be held void as a fraud on a power.

**PRECEPT.**—This term is generally applied to denote a written warrant of a magistrate. But it is also used in accounts when it signifies an order made by a responsible person, authorising the payment of specific sums of money or the doing of certain acts.

**PRECIOUS STONES.**—These are described under their individual headings.

**PRÉCIS.**—This is a term used to describe an abridged statement, abstract, or summary of any letter or document. Its value, when properly made, consists in the fact that it contains all that is of importance in the original letter or document—all superfluities being excused—and that it presents the same in a connected and readable shape, expressed as distinctly as possible, and set forth as briefly as is compatible with completeness and distinctness. (See PRÉCIS WRITING.)

**PRÉCIS WRITING.**—The French word *précis*, meaning "precise," and the Latin *præciderē*, to cut short, explain almost in themselves the term Précis Writing. A précis is an abridgment or concise statement in the writer's own words of the contents of a letter or document or of a series of letters or documents. It is an abstract of all the salient

features of a document written in the form of a narrative. As the proper choice of words enters in no small degree into the art of précis writing, it may be noted at the outset that an abstract differs materially from an extract. The latter is simply a portion of the document copied word for word, but an abstract is condensed from the document.

The uses of précis writing are many and varied—more than one who has not considered the subject is usually aware of; a good illustration of this may be seen in the daily newspaper, which contains very little information in the full text in which it was delivered. Law reports, police court proceedings, political speeches and lectures, etc., are nearly all condensed in due proportion to their importance. All that is irrelevant or immaterial is omitted, and only the important matter retained. This is the chief feature of précis writing, and one who desires to become skilled in the art must ever be searching for the pith and the outstanding features of the matter under consideration, and must neglect all that is immaterial or of little importance. Even to one who may have few opportunities of putting the subject to practical use, there can be no doubt of the mental training it affords.

Perhaps more than in any other walk of life précis writing is used in Government offices, and it is, therefore, made a compulsory subject in the Civil Service examinations, but besides the civil servant and the journalist, the business man may save much valuable time by its aid. Letters and documents which are numerous and lengthy may be prepared for a principal in such a manner that at a glance he may grasp the gist of the same without occupying valuable time in reading through the whole of them. This is an important matter to a busy principal or highly-paid official whose time may be used to more profitable advantage. In some offices where a large mail is received every morning it is the custom for a clerk to prepare an abstract of all important letters and to lay the same before the principal on his arrival. It will be again found useful for the purpose of noting on the back of documents a summary of their principal features to facilitate reference at any time.

Précis writing calls for little originality; it rather calls for discrimination, quick perception, and an absolutely clear understanding of the subject matter to be condensed. This, as has been previously suggested, is a valuable asset in the student, professional or business man. Literary style also must be relegated to the background, for superfluity of language, tautology, ornament, roundabout modes of expression and figurative language find no place in a précis. It should be a lucid narrative, in as few words as possible, written in clear, simple language, the purport of which cannot possibly be misunderstood. Of course, completeness must never be sacrificed to brevity: the narrative must contain *all* the essential features or it is of little use.

A précis of a series of letters is usually preceded by an index. This index is an abstract, in the briefest possible form, of each individual letter of the series. One sentence is generally sufficient to indicate the subject of the letter, and the compiling of the index is a valuable help to the subsequent construction of the précis. The latter takes no definite form, but the index is invariably compiled in a book or on sheets ruled with the following four columns: No. of letter; Date; Correspondents; Subject-Matter. In business houses a

fifth column is usually added which is headed "Remarks," and used for indicating what reply was given to the letter or to whom it was handed. The subject matter is always commenced with a present participle, e.g., Acknowledging, asking, advising, declining, inquiring, enclosing, forwarding, instructing, intimating, informing, referring, replying, reporting, requesting, stating, submitting, suggesting, transmitting, urging, etc., and the general rule of using one sentence only should be adhered to as far as possible. Enclosures should be indexed separately. The example below will show the usual form of an index.

The index is of immense help in constructing the précis, the column headed "Subject Matter" being a guide as to the chief points in the narrative. The narrative, as has been previously pointed out, must be in the writer's own words, brief, free from all ambiguities and uniform. The past tense is usually employed.

The student of précis writing should commence with the condensation of sentences before proceeding to deal with letters or newspaper extracts, lectures, etc. This is valuable practice, and can be generally put into operation every day by the business man in the writing of telegrams. Almost any sentence taken at random will be useful for a beginning, but he should afterwards choose sentences and short extracts, the meaning of which is not absolutely clear. The following examples illustrate how sentences may be shortened without impairing their meaning.

"At that time he had returned from the place where he had been spending his holiday."

("He had then returned from his holiday.")

"The advantage of earning more money would not induce me to move from the village where I am at present."

("Financial advantages would not induce me to leave here.")

"We shall be pleased to send you our quotation for a better quality on hearing from you, but unless we receive your application for the same, we shall conclude you do not require it."

("We shall be pleased to quote for a better quality if you desire it.")

When facility in condensing short sentences has been acquired, lengthier extracts and articles may be attempted. It must be borne in mind, however, that précis writing does not consist of taking each sentence of a letter or article and condensing it separately; that would be of little use, as many of the sentences themselves will be left out of the précis entirely. The properly constructed précis is an intelligent survey of the whole of the matter under consideration, and to achieve this the matter should be first read through carefully and the important points underscored. A second reading may be undertaken with advantage. If the gist

of the matter is clearly in mind, the actual précis may now be written, although at the beginning of the study of this subject the student will find it a help to make a preliminary précis, somewhat longer than the finished one will be, and then proceed to re-write this in carefully chosen language, bearing in mind the cardinal points of précis writing, viz., Clearness, Conciseness, Orderliness, and Sequence. All these are of value, but the desire to be brief should not outweigh the necessity of being complete, for unless the important points of the subject matter are clearly and completely set down, the whole result is practically worthless.

**PRE-EMPTION.**—This is an option sometimes granted to purchase property upon agreed terms in the event of a sale. Thus, in the case of a partnership, it is generally one of the terms of the articles that the continuing partner shall have the right of purchasing the share or interest of an outgoing partner in preference to any other person.

**PREFERENCE.**—(See PREFERENTIAL TARIFF.)

**PREFERENCE BONDS.**—These are bonds which are issued at a fixed rate of interest, and are payable before the profits of a business are divided amongst the ordinary shareholders.

**PREFERENCE STOCKS AND SHARES.**—Preference stocks and shares are those upon which a dividend must be paid out of the profits of the company before the other shareholders receive anything. The holder of such stocks or shares may or may not be in a better position than the ordinary shareholders. The rate of interest that he is to receive is fixed, and he cannot receive a greater rate however prosperous the business may be. On the other hand, if the company is not in too flourishing a condition, the preference stockholder or shareholder has a first call upon the profits of the company, and he must, generally speaking, be satisfied to the full extent of his interest before the ordinary stockholder or shareholder can take anything. Of course, there are always the prior rights of debenture holders to be considered. Preference shares may be either "cumulative" or "non-cumulative." Cumulative preference, or, as they are sometimes called, preferred shares, include the right to receive any arrears of dividend as well as the dividend for the current year, that is, a deficiency in the past must be made up out of the profits of subsequent years. Non-cumulative preference shares carry no preference whatever except for the year which is under consideration. It is always presumed, unless the language used in the articles is very clearly against it, that preference shares are cumulative. So far the preference stocks or shares have been considered as being preferential as to dividend only. Such stocks or shares may, however, be also created preferential as to capital. If there is no provision as to their being preferential as to capital, the preference shareholders have no

| No. | Date.          | Correspondents          | Subject Matter   | Remarks                    |
|-----|----------------|-------------------------|--|----------------------------|
| 1   | 31st May, 19.. | J. B. Dewhurst & Co.    | Requesting quotation for 100 tons L. & F. Ingot Tin, d/y over 12 months. | Quoted £137                |
| 2   | 1st June, 19.. | Kenyon & Birkbeck, Ltd. | Complaining of non delivery of metal invoiced May 27.                    | Wrote L. & N.W.R. 2/6/19.. |

priority in case the company is wound up, but if there is such a preference as to capital the preference shareholders are entitled to receive out of the surplus assets of the company the amount of their shares before anything can be distributed amongst the ordinary shareholders.

The preferential rights as to capital, and any peculiar rights as to voting at meetings of the company, etc., must be provided for by the articles or memorandum of association.

In extreme cases, though very rarely indeed, preference bonds and shares may be issued. (See SECURITIES.)

#### PREFERENTIAL PAYMENTS IN BANKRUPTCY.

—By two Acts of Parliament, passed in 1888 and 1897 respectively, certain creditors were entitled, in cases of the bankruptcy of an individual or the winding-up of a joint stock company, to have their claims considered in priority to those of the ordinary creditors of the debtor or the company. Owing to the passing of the Workmen's Compensation Act, 1906, and the National Insurance Act, there were other preferential payments to be provided for in accordance with these Acts, and now they have been fully set out in Sect. 33 of the Bankruptcy Act, 1914, which corresponds almost literally with Sect. 209 of the Companies (Consolidation) Act, 1908, except that the latter has not, naturally, in it the provisions of the National Insurance Act. The effect of these sections may be summarised by stating that the following payments enjoy priority over other debts:—

(a) All parochial or other local rates due from the bankrupt or the company at the date of the receiving order or the commencement of the winding-up, and having become due and payable within twelve months next before that time, and all assessed taxes, land tax, property or income tax assessed on the bankrupt or the company up to the fifth day of April next before the date of the receiving order, or the commencement of the winding-up, and not exceeding in the whole one year's assessment.

(b) All wages or salary of any clerk or servant in respect of services rendered to the bankrupt or the company during four months before the date of the receiving order, or the commencement of the winding-up, not exceeding £50.

(c) All wages of any labourer or workman not exceeding £25, whether payable for time or piece work, in respect of services rendered to the bankrupt or the company during two months before the date of the receiving order or the commencement of the winding-up, provided that where any labourer in husbandry has entered into a contract for the payment of a portion of his wages in a lump sum at the end of the year of hiring, he shall have priority in respect of the whole of such sum, or a part thereof, as the court may decide to be due under the contract, proportionate to the time of service up to the date of the receiving order or the commencement of the winding-up.

(d) All amounts, not exceeding in any individual case one hundred and seventy-five pounds, due in respect of compensation under the Workmen's Compensation Act, 1906, the liability whereof accrued before the date of the receiving order, or the commencement of the winding-up, subject nevertheless to the provisions of Sect. 5 of that Act (q.v.).

(e) All contributions payable under the Unemployment Insurance Act by the bankrupt, or

the company, in respect of employed contributors or workmen in an insured trade during four months before the date of the receiving order or the commencement of the winding-up.

These debts rank equally between themselves, and must be paid in full, unless the assets of the bankrupt or the company are insufficient to meet them, in which case they must abate proportionately between themselves. The only other reduction to which they are liable is the sum necessary for the costs of administration, etc.

Although the landlord enjoys the summary right of distress, with certain restrictions and limitations, he is neither a secured nor a preferential creditor, and if he distrains or has distrained upon the goods or effects of a bankrupt or a company in process of being wound up within three months before the date of the receiving order or the winding-up order respectively, the above preferential debts form a first charge upon the goods or effects distrained upon, or the proceeds of the sale thereof.

This statutory preference does not affect the prior claim for funeral and testamentary expenses, when a person dies insolvent, nor can any moneys in the possession of a deceased or bankrupt officer of a friendly society or a savings bank be diverted from such society or bank for the payment of any obligations whatever.

The Companies (Consolidation) Act, 1908, re-enacts the provisions of the Act of 1897, which was passed to meet the case of the whole of the assets of a company being swallowed up by debenture holders and secured creditors. Where debentures have been issued as a floating charge—but not otherwise—it is provided that:—

(a) The preferential claims set out in the Act of 1888 (and now extended as pointed out above) shall, so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of the holders of such debentures, and shall be paid accordingly out of any property comprised in or subject to such charge.

(b) If such a receiver is appointed on behalf of the holders of any such debentures, or in case possession is taken by or on behalf of such debenture holders of any property comprised in or subject to such charge, then and in either of such cases, if the company is not at the time in course of being wound up, the above-named preferential claims shall be paid forthwith out of any assets coming to the hands of the receiver, or other person taking possession in priority to any claim for principal or interest in respect of such debentures. The periods of time mentioned are to be reckoned from the date of the appointment of the receiver or the taking of possession; and any payments made must be recouped as far as possible out of the assets of the company available for the payment of general creditors.

There are special regulations issued by the Board of Trade and the Inland Revenue authorities as to assessed taxes.

**PREFERENTIAL TARIFF.**—One country may favour the goods of another either (1) by prohibiting the entry from other parts of similar goods, or (2) by charging these latter a duty higher than that imposed on the goods of the favoured country. Prohibition is now practised only in rare cases—as in our country for immoral publications or for books infringing copyrights; and the preference bestowed usually takes the form of a reduction of

[FACSIMILE OF POST OBIT BOND]

**Know all Men** by these presents that I Joseph Simpson of 763 South Hill Road King's Lynn in the county of Norfolk Gentleman am held and firmly bound to Alfred Robinson of 792 North Street Swaffham in the county of Norfolk in the sum of FIVE HUNDRED POUNDS to be paid to the said Alfred Robinson or to his executors administrators or assigns or to his or their attorney or attorneys for which payment I bind myself my heirs executors and administrators by these presents

SEALED with my seal and dated this 7th day of September 19..

Signed sealed and delivered by the said  
Joseph Simpson in the presence of

} JOSEPH SIMPSON

L.S.

THOMAS DIXON

594 North Street

Swaffham.

Bank Manager.

WHEREAS the above bounden Joseph Simpson is in expectation of succeeding to a considerable sum of money or other property upon the death of Alfred Simpson of Hill House Hunstanton in the county of Norfolk Farmer: AND WHEREAS the said Joseph Simpson is now of the age of thirty years or thereabouts and the said Alfred Simpson is of the age of sixty years or thereabouts and in good health: AND WHEREAS the said Joseph Simpson having occasion for the sum of Two Hundred and Fifty Pounds to supply his immediate wants has applied to the above-named Alfred Robinson to lend him the same which the said Alfred Robinson has agreed to do upon the said Joseph Simpson entering into the above-written obligation with such condition for making void the same as is hereinafter contained for securing the repayment to the said Alfred Robinson of the sum of Two Hundred and Fifty Pounds in case the said Joseph Simpson shall survive the said Alfred Simpson but not otherwise: AND WHEREAS in pursuance of the said agreement the said Alfred Robinson has paid the said sum of Two Hundred and Fifty Pounds to the said Joseph Simpson as he the said Joseph Simpson doth hereby acknowledge:

NOW THE CONDITION of the above-written bond is such that if the above-bounden Joseph Simpson shall survive the said Alfred Simpson and the said Joseph Simpson his heirs executors or administrators shall within twelve calendar months after the decease of the said Alfred Simpson pay or cause to be paid to the said Alfred Robinson his executors administrators or assigns the sum of Three Hundred and Fifty Pounds without any deduction or if the said Joseph Simpson shall die in the lifetime of the said Alfred Simpson THEN in either of the said cases the above-written bond shall be void or otherwise the same shall remain in full force and virtue.





duty. The question of preferential tariff is of actuality in reference to suggested favours to be granted by this country to the rest of the Empire, and by the rest of the Empire to this country, or, to be more correct, we should substitute for the rest of the Empire, the self-governing Dominions. For a country like India, where the subordination of the reasonable claims of the Indian administration to the necessities of English politics has been consistently practised, can grant little by preference and would lose much. By discrimination in favour of this country, India would offend foreign countries which are by far the greatest consumers of her goods, and would, in the case of retaliation, be unable to maintain the excess of exports necessitated by her being a debtor country.

The Dominions were founded and maintained so as to form exclusive markets for our manufactures, and exclusive sources of raw material and food supply. The maintenance of the monopoly was the sole end and purpose of the dominion assumed over the Colonies, as they were known in olden times. Intercourse with foreign nations was forbidden, in order that the colonists should buy solely from us. In return, we usually gave a preference to Colonial products by admitting them duty free, while we taxed similar products from other sources, or we laid ourselves under an obligation to buy certain staple products from the settlements alone. Considered merely as a question of political economy—as a matter of buying in the cheapest market and selling in the dearest—the policy of exclusive dealing is an error. If the mother country secured for herself an extra foreign demand for her commodities, she no doubt gives herself some advantage in the distribution of the general gains of commerce; but the capital and labour of the colony are diverted from the channels which are evidently more productive, since into them the industry and capital would flow of itself. There is a loss to the productive powers of the world, and the Mother Country does not gain as much as she makes the colony lose. Unless a corresponding obligation is acknowledged, an indirect and vexatious tribute is imposed on the colony, and if, in an equitable spirit, the Mother Country submits herself to restrictions for the benefit of the colony, the result of the whole transaction is the ridiculous one that each party loses much, in order that the other may gain a little.

But times have changed since Mill wrote the above sentence. We no longer possess the relative advantages that gave us a start in the industrial race. Skill, machinery, and equipment are now, owing to ease of communication, common property throughout the industrial world. Heavy duties are shutting out one after another of our staple products from the markets which they once enjoyed. With the present system of manufacturing, production, and a ring of stringent protective barriers, a great manufacturing State is obliged to secure for its sufficient markets to preserve itself from starvation, direct or indirect. (1) It must incorporate new territories into its dominions, and this explains one of the stranger spectacles of recent times, the "partition of Africa," when the chief civilised nations of Europe, without a shadow of pretext of right, divided among themselves the African continent. (2) Or it must, by treaty or agreement, open a new way for its goods.

Now, in rather quixotic generosity we permit

traders of all other nations equal rights and privileges in the countries we have colonised, often by a great outlay of blood and treasure. No other colonising Power countenances such inroads of strangers on its preserves. We must, therefore, it would seem, have recourse to the second plan, and for this the Colonies provide the most promising field. Mr. Balfour, in fact, declared that in 1903, when the "Tariff Reform" movement gained the great support of Mr. Chamberlain, a majority of the Cabinet would have established Preference with Canada and the other Colonies. But at that time public opinion was not sufficiently matured for a divided Cabinet to take so great and novel a step, and, although the dissentients from that policy were but a minority in that Cabinet, for the moment the policy could not be carried out.

But the economic advantage of freer entry into markets is surpassed by the political advantage which would result from a "free union of free commonwealths," and preference is advocated now mainly as a policy of Imperial defence. If one may again quote Adam Smith, "Defence is of more importance than opulence"; and, indeed, opulence without means of defence only summons a less wealthy but more powerful neighbour to aggression. The underlying idea of the movement is not so much the material benefits that would accrue as the thought that the British Empire, firmly bound together by ties of interest as well as of affection, may yet exert a mighty power for good in the world. At present the disintegrating influences of time and distance are greater than the binding forces of race and language. Each generation in the Dominions is farther removed from us in sympathy, and the vague feeling inspired by "the crimson thread of kinship" is bound to grow weaker unless common interests, for defence, for trade, and for intercourse, are promoted. Dealing with each other's commodities is only one part of the knitting together of the Empire. Improved cable communication, cheaper mail facilities, and the diffusion of commercial intelligence are others. Even if tariff preference and the rest should involve a monetary loss, there are many who do not hesitate to advocate them on the wider ground of security, but there are others. As President Roosevelt too severely said: "To men of a certain kind, trade and property are more sacred than life or honour, of far more consequence than great thoughts and lofty emotions, which alone make a mighty nation. They believe, with a faith almost touching in its utter feebleness, that the Angel of Peace, draped in a garment of untaxed calico, has given her final message to men when she has implored them to devote all their energies to producing cotton yarn at a quarter of a cent less per hank, or to importing woollens for a fraction less than they can be made at home. These solemn prattlers strive after an ideal in which they shall happily unite the imagination of a greengrocer with the heart of a Bengali Babu."

Ever since the year 1887, therefore, at the Conferences between British and Colonial statesmen, the desire for the re-adoption of British preference on a reciprocal basis has found formal expression. On the part of the Dominions the advantages to be gained are obvious: Britain pays to foreigners many millions a year for cereals, dairy produce, meat, fruit, and the like that Canada, Australia, New Zealand, and the Cape would gladly supply;

and in Mr Chamberlain's original proposals, 2s. a quarter on foreign corn and 5 per cent. on foreign meat and dairy produce, Colonial products being admitted free, formed an integral part of the scheme. The advantages to Britain are not, perhaps, quite so obvious, at all events from an economic standpoint.

The value of Canadian preference has seemingly been shown by the increase in the import from Britain of the goods accorded a preference, while the import of goods admitted free has either receded or been stationary; and a gradually expanding trade for the products of our high grade labour could no doubt be attained, if it were made the interest of the Colonies to associate in inter-imperial division of labour. The Canadian Ministers in 1902 evidently thought so. At the Colonial Conference they declared: "If they could be assured that the Imperial Government would accept the principle of preferential trade generally, and particularly grant to the food products of Canada in the United Kingdom exemption from duties now levied, or hereafter imposed, they would be prepared to go further and endeavour to give to the British manufacturer some increased advantage over his foreign competitors." It is, however, no part of the Colonial proposals to admit British manufactures on terms so low that the industries already established in the Colonies would suffer.

In 1897 the Canadian Government granted preferential treatment to British goods as a *lice* concession. She was followed by Australia, who, however, gave a preference to Britain by placing a surtax on foreign goods rather than by making a rebate on British goods; by New Zealand, and by South Africa. The preference, even as things are, is granted to Britain not indeed wholly without return. Thus, the larger part of the expense incurred for Army and Navy is for the defence of the Empire.

And Britain bears, too, the whole of the interest of the National Debt, though this is due in great measure to wars for the maintenance and extension of Empire, and not simply for home defence. "You will find," said Mr Chamberlain as Colonial Secretary to the conference of Colonial premiers in 1897, "You will find that every war, great or small, during the reign of Victoria, in which we have been engaged, has had at bottom a Colonial interest, the interest, that is to say, either of a colony or of a great dependency like India. That is absolutely true, and is likely to remain true to the end of the chapter. If we had no Empire, there is no doubt that our military and naval resources would not require to be maintained at anything like the present level."

However, the cry is now for mutual concessions. The position can hardly be better summed up than in the resolution unanimously agreed to by the premiers of the self-governing Dominions in the Coronation year 1902—

"(1) That this Conference recognises that the principle of preferential trade between the United Kingdom and His Majesty's Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

"(2) That this Conference recognises that in the present circumstances of the Colonies, it is not practicable to adopt a general system of free trade as between the Mother Country and the British Dominions beyond the seas.

"(3) That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

"(4) That the Prime Ministers of the Colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies, either by exemption from or reduction of duties now or hereafter imposed.

"(5) That the Prime Ministers present at this Conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it."

The adoption of preferential tariffs in New Zealand (1903), South Africa (1906), and Australia (1907) was a practical outcome of the resolution. In Britain it has had as yet no tangible result; but the movement in favour of some form or other of closer intercourse is a growing one, and appears destined to lead to definite agreements.

[It is to be clearly understood that the above article was written prior to the Great War. It is too early as yet to attempt to prophesy as to the changes in economic views which that conflict may have given rise to and which may be put into practice at some future date.]

**PREFERRED CREDITORS.** (See PREFERENTIAL PAYMENTS IN BANKRUPTCY.)

**PRÉFIX.**—This is a French term, meaning at a fixed date. A bill is sometimes drawn at a fixed date, or *préfix*, and in such a case days of grace are not allowed.

**PREJUDICE, WITHOUT.**—It happens very frequently that when parties are about to enter into litigation, or in the course of events before the case comes into court, efforts are made to effect a compromise. The plaintiff may express his willingness to forego what he considers to be his full rights and to accept something less than he demands in law. The defendant also may offer to do something less than is demanded of him for the sake of peace and quietness. In order to encourage this spirit of compromise, the parties are allowed, either by themselves or through their legal advisers, to discuss terms with the greatest freedom, and if it does happen that no compromise is arrived at, none of these negotiations is allowed to be referred to at the trial, provided that it is made clear on the correspondence or in the negotiations that the same are being conducted with a view to a settlement, and not as an abandonment of a legal right. If the negotiations are by correspondence, any letter which is sent should be marked "without prejudice," and this effectually prevents its being read or referred to in any way when the matter comes before a judge or a jury. Any reply sent to a letter marked "without prejudice," even though the reply does not contain these words, is bound to be kept back just as much as the first letter despatched. At the same time it is quite possible for any person who has himself written a letter and marked it "without prejudice"—provided that it is not a reply to a communication which is similarly guarded—to withdraw the "without prejudice" bar and have the whole matter set out in full detail.

**PRELIMINARY AGREEMENT.**—(See **PROBATE**.)

**PRELIMINARY EXPENSES—COMPANY**—(See **REGISTRATION OF COMPANY**.)

**PREMIUM.**—A word that is used in various senses, signifying—

(a) A bounty  
(b) A payment for a loan, in lieu of, or in addition to, interest

(c) An annual payment made in respect of an insurance

(d) The difference in value above the original price or par of stock, as opposed to discounts

**PREMIUM, AT A.**—When the market value of bonds, stocks, or shares is above the nominal or face value of the same, they are said to be at a premium, or "above par." (See **PAR**.)

**PREMIUM BOND.**—This is an acknowledgment of indebtedness by a foreign state. In some instances no interest is paid upon these premium bonds, and in others only a very small rate of interest is given, but at certain times a drawing takes place, and the holders of the bonds bearing the numbers which are drawn become entitled to receive prizes of varying value, and sometimes these prizes are of immense pecuniary value.

**PREMIUM ON SHARES.**—This is a practice often resorted to by companies in a position to offer advantageous rates of dividend. The usual method is to announce the issue for subscription by means of a prospectus, which fully sets out the terms of payment, dividend, etc. Furthermore, the company's articles must contain provision for such a course.

As contrasted with issues at a premium, it should be noted here that shares are not allowed to be issued at a discount. The practice of underwriting an issue or paying a commission to procure a subscription must not be confused with issuing shares at a discount, because this is a legitimate expense if the conditions are announced in the prospectus covering the issue.

The liability of a company to its members does not extend to the payment of premiums paid upon its shares: the shareholders' claim will only extend to the nominal amount of the shares standing in his or her name. For this and other reasons, amounts received by a company in the way of premiums on share issues must always be shown on the balance sheet in a distinct manner, and described in such a way as will prevent them from being distributed as profits in the form of dividends, as such, they could at no time be paid out as dividend.

**PREPAID.**—Payment before money is due, or payment in advance.

**PREPAY.**—To pay money before it is due; or in advance.

**PREPAYMENT.**—Payment before the stipulated time, or before money is due, or in advance.

**PRESCRIPTION.**—It must frequently happen that it is impossible to trace to their origin certain rights which are enjoyed by an individual or by a body of individuals. Thus, the history of the possession of an estate may be in doubt, and if the law did not step in under certain circumstances there might be continuous quarrels as to the rights of parties. It is for the benefit of the State that, at some time or other, there shall be a limit put to litigation, and consequently, it is possible to show a continuous possession for a special period of time, fixed by law, the holder of the land is said to obtain a title by prescription, and to be

able to maintain his holding against the world. The same thing is true with regard to other rights possessed over property, such as a right of way, called easements (*q v*). All these rights depend upon the same principle, and if there is no express grant to which reference can be made, prescription is the only way in which the right can be upheld.

Until the year 1833 it was always possible to defeat any claim of right, if it did not arise from an express grant, by showing that it came into existence at a time subsequent to the first year of the reign of Richard I, *i e*, 1189. But now, by the Prescription Act, passed in 1832, which came into force in 1833, certain rights are held to be indefeasible if they have been enjoyed for a certain period without interruption. Thus, the right to light (see **ASCENDING LIGHTS**) is firmly established after an enjoyment of twenty years. A right of way is absolutely indefeasible after sixty years' enjoyment, though it is difficult to defeat it if it has been in continuous existence for forty years.

Prescription, so far as the obtaining of a possessory title (*q v*) to land is concerned, is referred to under **LIMITATIONS, STATUTES OF**.

**PRESENT AGAIN.**—It may possibly happen that a customer of a banker is somewhat careless as to his financial arrangements, and that he may draw cheques for which there are no funds standing at the bank in his name. In such a case the banker uses his discretion. If he is perfectly satisfied as to the solvency of his customer and that there is practically no risk of any loss being sustained by himself, the cheque will be honoured and a settlement between the banker and his customer arrived at later. If, however, the banker is doubtful as to the solvency of his customer, he will refuse to honour it, and will generally mark it *R/D, i e*, Refer to Drawer. But there is a third course open to him. If he does not wish to harm his customer's credit, and if he is aware of the customer's carelessness in any way, he will sometimes mark the cheque "present again." The banker will then inform the customer of the circumstances and give him an opportunity of providing funds to meet the cheque when it is again presented for payment. It is often debated whether this marking is quite the right course for the banker to take, and opinions differ. It is only referred to on account of its existence as a practice in certain quarters.

**PRESENTATION.**—A word which is frequently used instead of presentment. (See **PRESENTMENT OF BILL**.)

**PRESENTMENT.**—This word is sometimes met with in connection with the work of grand juries (See **JURY**). The grand jury, whilst it existed, might make a representation to the court, after they had concluded their work as to the finding or the throwing out of bills placed before them, as to any matter of public concern within their own knowledge, which in any way affected or might affect the administration of law or the maintenance of order. This representation is called a presentment. The jury had also the right of presenting, as it is called, persons for crimes without hearing any evidence, whereas in ordinary cases they must always hear the evidence for the prosecution before deciding as to whether a person should be put upon his trial. This kind of presentment, however, is practically obsolete. The grand jury ceased to exist during the Great War. It remains to be seen whether it will be revived.

**PRESENTMENT OF BILL.**—The rules as to presentment of a bill of exchange are of the utmost importance, because unless they are properly followed, certain parties who would otherwise be liable upon the instrument may be completely discharged, and this discharge may apply not only to the liability upon the bill, but also to the liability upon the consideration for which the bill was given.

There are two kinds of presentment: (1) for acceptance; (2) for payment.

**Presentment for Acceptance.** It is the common practice, and it is advisable, to obtain the acceptance of the drawee as soon as possible after the bill is drawn. But the acceptance is not absolutely necessary in order to constitute the bill a negotiable instrument. All the parties to the bill are liable upon it, if they have capacity to contract, even though there is, in fact, no acceptance at all. If, however, a bill is presented to the drawee and he refuses to accept it, the bill is dishonoured by non-acceptance, and then an immediate right of recourse against all the parties accrues at once. There are, however, two exceptions to this rule. Where a bill is payable after sight, presentment for acceptance is necessary in order to fix the maturity of the instrument. And where a bill expressly stipulates that it shall be presented for acceptance, or where a bill is drawn payable elsewhere than at the place of business of the drawee, it must be presented for acceptance before it can be presented for payment.

An example will make this clearer. A bill is addressed to A, and it is made payable three months after date. If it is signed by the drawer and indorsed by the payee, it can pass through any number of hands before it is shown to A and presented to him for acceptance. Whether he signs it or not each of the indorsers as well as the drawer is liable to the holder when the bill becomes due if A fails to pay it, and if at any time before the three months have elapsed the bill is presented to A and he refuses to accept it, the bill may be treated as dishonoured, and the holder has his right of action at once. But if the bill is made payable at a certain number of days after sight, it must be presented to A for acceptance, for until he has seen it the date of maturity cannot be fixed, though, if he refuses to accept, the right of action, as before, accrues at once owing to the fact of dishonour. When a bill is duly presented for acceptance and is not accepted within the customary time, it may be treated as dishonoured by non-acceptance.

A bill which requires presentation for acceptance at a particular place is often called a domiciled bill (*q.v.*). It is provided by the Bills of Exchange Act that "where the holder of a bill, drawn payable elsewhere than at the place of business or residence of the drawee, has no time, with the exercise of reasonable diligence, to present the bill for acceptance before presenting it for payment on the day that it falls due, the delay caused by presenting the bill for acceptance before presenting it for payment is excused, and does not discharge the drawer and indorsers".

In all cases where it is necessary that a bill should be presented for acceptance the presentment must be made within a reasonable time. What is a reasonable time depends upon the particular circumstances of the case. If there has been any unreasonable delay the drawers and indorsers are

discharged. The rules for presentment are thus set out in section 41 of the Act of 1882—

(a) "The presentment must be made by or on behalf of the holder to the drawee or some person authorised to accept or refuse acceptance on his behalf at a reasonable hour on a business day and before the bill is overdue;" (b) "where a bill is addressed to two or more drawees, who are not partners, presentment must be made to them all, unless one has authority to accept for all, then presentment may be made to him only;" (c) where the drawee is dead presentment may be made to his personal representative; (d) where the drawee is bankrupt, presentment may be made to him or to his trustee; (e) where authorised by agreement or usage, a presentment through the post office is sufficient."

Bearing in mind what has already been said as to presentment for acceptance in general, it is excused and a bill may be treated as dishonoured by non-acceptance in the following cases—

(a) "Where the drawee is dead or bankrupt, or is a fictitious person or a person not having capacity to contract by bill;" (b) where, after the exercise of reasonable diligence, such presentment cannot be effected; (c) where, although the presentment has been irregular, acceptance has been refused on some other ground. The fact that the holder has reason to believe that the bill, on presentment, will be dishonoured, does not excuse presentment" (See FICTITIOUS PAYEE).

The presentment for acceptance is, of course, personal, for it is the drawee himself, or his duly authorised agent, who must write the acceptance across the bill. There is no necessity for presentment for acceptance at any particular place, nor, subject to what has been stated as to a reasonable time, at any particular date.

**Presentment for Payment.** Except in the cases mentioned hereafter, presentment for payment is always necessary, and the holder of a bill who fails to present it duly for payment, and who is not excused for any delay in so doing, runs serious risks, as where a drawer or an indorser is discharged by reason of non-presentment from liability on the bill, such drawer or indorser is also discharged upon the consideration for which the bill was given. But where a bill has been accepted generally, no presentment is necessary in order to charge the acceptor. Having accepted, the drawee is liable to pay the bill at maturity. The reason for this exception is that by the common law a debtor is bound to seek out his creditor to pay him. By accepting the bill the acceptor has admitted his liability, and he is bound to pay when the bill becomes due. Whatever, therefore, may be the effect of non-presentment for payment to the drawer and the indorsers, the acceptor always remains liable. But a holder who fails to present a bill to the acceptor, unless presentment is excused by the Act, and sits upon it, would probably be compelled to pay the costs of the action, and would be disentitled to any interest. In presenting a bill for payment the holder should exhibit the bill to the person from whom he demands payment, and when the bill is paid the holder must forthwith deliver it up to the person who pays it, whether the payment is made by the acceptor or by any other person who is a party to it.

The due date of payment being fixed in many cases by the terms of the bill itself, the presentment

for payment must be made upon the day that it falls due. When, however, a bill is payable on demand, presentment for payment must be made within a reasonable time after the issue of the bill.

"Presentment must be made by the holder or by some person authorised to receive payment on his behalf at a reasonable hour on a business day, at the proper place as hereinafter defined either to the person designated by the bill as payer, or to some person authorised to pay or refuse payment on his behalf if with the exercise of reasonable diligence such person can there be found" (sec. 45, s.s. 3).

A collecting agent of a banker is often appointed to present a bill for payment, and he must take all the necessary steps to see that the requirements of the Act are complied with. Otherwise he will be liable for any loss which may fall upon his principal. Delay which is beyond the control of the holder is excused if it is not imputable to his default, misconduct, or negligence. Just as the rules for presentment for acceptance and excuses for non-presentment are set out most fully and clearly in the Act, there are rules as to presentment for payment and excuses for non-presentment, contained in sec. 45, ss. 4-8.

"(1) A bill is presented at the proper place—

(a) where a place of payment is specified in the bill and the bill is there presented, (b) where no place of payment is specified, but the address of the drawee or acceptor is given in the bill, and the bill is there presented, (c) where no place of payment is specified and no address given, and the bill is presented at the drawee's or acceptor's place of business, if known, and if not, at his ordinary residence, if known, (d) in any other case if presented to the drawee or acceptor wherever he can be found, or if presented at his last known place of business or residence.

"(5) Where a bill is presented at the proper place, and after the exercise of reasonable diligence no person authorised to pay or refuse payment can be found there, no further presentment to the drawee or acceptor is required.

"(6) Where a bill is drawn upon, or accepted by two or more persons who are not partners, and no place of payment is specified, presentment must be made to them all.

"(7) Where the drawee or acceptor of a bill is dead, and no place of payment is specified, presentment must be made to a personal representative, if such there be, and with the exercise of reasonable diligence he can be found.

"(8) Where authorised by agreement or usage a presentment through the post office is sufficient. The following are the cases in which presentment for payment is dispensed with—

"(a) Where, after the exercise of reasonable diligence, presentment, as required by the Act, cannot be effected, (b) where the drawee is a fictitious person, (c) as regards the drawer, where the drawee or acceptor is not bound, as between himself and the drawer, to accept or pay the bill, and the drawer has no reason to believe that the bill would be paid if presented, (d) as regards an indorser, where the bill was accepted or made for the accommodation of that indorser, and he has no reason to expect that the bill would be paid if presented; (e) by waiver of presentment, express or implied."

With regard to (a), the fact that the holder of a bill has reason to believe that the bill will, on presentment, be dishonoured does not dispense with the necessity for presentment.

Presentment is necessary, as has been pointed out, to charge the parties to the bill. But with regard to other persons, presentment for payment seems to be advisable, if not absolutely necessary, in order to render them liable, if they are in any way connected with the negotiation or transfer of the bill. Thus, a guarantor for the payment by the drawer or any indorser, the guarantee being given by a separate document in writing, will be released from his liability unless presentment for payment is made. But if the guarantee is given for the payment by the acceptor, presentment for payment is not necessary, since it is not necessary in order to charge the acceptor himself. Again, a transferor of a bill by delivery, that is, without indorsement, is never liable on the bill, nor is he liable upon the consideration for the same unless (1) it has been given in respect of an antecedent debt, or (2) the transfer is not intended to operate as a discharge of his liability. But, in order to charge such a transferor, presentment for payment must be made, though it is, perhaps, not so necessary for the holder to use the same diligence in respect of him as it is in respect of the parties to the bill.

**PRESENT VALUE.** The monetary value of any particular sum which is payable at a future time. It is obtained by deducting the true discount from the amount. Present value plays an important part in actuarial calculations (See DISCOUNT).

**PRESS ASSOCIATION.** This is a British agency which was established in the year 1870 for the purpose of transmitting news to different parts of the country at the lowest possible cost. Before it came into existence newspapers had to rely entirely upon either special or local correspondents, and the cost of telegraphing items of news was almost prohibitive. But when the Government took over the telegraphs, an arrangement was made with a body of newspaper proprietors by which messages were transmitted at rates lower than those charged to the general public, and also that if the same message was sent to a number of newspapers the cost of the repeated message should be materially reduced. This arrangement was quickly acted upon, and many proprietors of provincial newspapers formed an association, known as the Press Association, by which it was agreed that one reporter should be employed in a certain district, and that he should send intelligence of more or less important events happening in that district to all those papers which were members of the association. It is, of course, quite natural that information as to passing events should appear simultaneously in different parts of the country. At the present day all the principal newspapers, metropolitan and provincial, are members of the Press Association, and this fact has led greatly to the improvement in the standing of some of the chief country newspapers. The advantages of this system of disseminating matter were so obvious that at an early stage of its career, the Association entered into negotiations with Reuter (qv), and now the foreign news of this agency is circulated by the Press Association outside the metropolis. This method of gaining information does not prevent a particular newspaper from still employing a

special correspondent, if it desires to do so, and securing exclusive articles on important matters in which it will have an absolute copyright.

An association of a similar character to the Press Association, but of more recent origin, is the Central News.

**PRESS COPYING.**—(See **DUPLICATING**.)

**PRESS, CORRECTIONS FOR THE.**—(See **PROOFS, CORRECTION OF**.)

**PRESSURE ON THE MONEY MARKET.**—This is an expression which is sometimes used to denote that there is a difficulty in obtaining loans or in discounting bills owing to various causes, such as the existence of a high bank rate, an unfavourable rate of exchange, or other similar circumstances.

**PRESUMPTIONS.**—A presumption means a rule of law that courts of justice and judges shall draw a particular inference from a particular fact, or from particular evidence, unless and until the truth of such inference is disproved. Presumptions are either of law or of fact, and these are again divided into irrebuttable and rebuttable. Thus, there is an irrebuttable presumption of law that every person is acquainted with the law, and that no child under seven years of age can commit a crime. But rebuttable presumptions are those which can be displaced by the production of adequate evidence. Thus, it is presumed that every prisoner is innocent, that every child is legitimate, that deeds properly produced are regular in all respects, and that a person who is not heard of for seven years is dead. In all these cases, however, it may be shown that the presumption is not well founded, and if so it will not be acted upon. Presumptions of fact are inferences drawn from evidence generally, but these are almost always rebuttable, *i.e.*, no matter how strong may be the evidence on one side it is always capable of being met by equally strong evidence on the other side.

**PREVENTION OF CORRUPTION.**—The prevention of corruption is governed, in the main, by The Public Bodies Corrupt Practices Act, 1889, and The Prevention of Corruption Acts, 1906 and 1916. The importance of the Act of 1906 is so great that the full text is here set forth:

"(1) If any agent corruptly accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gift or consideration as an inducement or reward for doing or forbearing to do, or for having after the passing of this Act done or forborne to do, any act in relation to his principal's affairs or business, or for showing or forbearing to show favour or disfavour to any person in relation to his principal's affairs or business; or

"If any person corruptly gives or agrees to give or offers any gift or consideration to any agent as an inducement or reward for doing or forbearing to do, or for having after the passing of this Act done or forborne to do, any act in relation to his principal's affairs or business or for showing or forbearing to show favour or disfavour to any person in relation to his principal's affairs or business; or

"If any person knowingly gives to any agent, or if any agent knowingly uses, with intent to deceive his principal, any receipt, account, or other document in respect of which the principal is interested, and which contains any statement which is false or erroneous or defective in any

material particular, and which to his knowledge is intended to mislead the principal—

"He shall be guilty of a misdemeanour, and shall be liable on conviction on indictment to imprisonment, with or without hard labour, for a term not exceeding two years, or to a fine not exceeding five hundred pounds, or to both such imprisonment and such fine, or on summary conviction to imprisonment, with or without hard labour, for a term not exceeding four months, or to a fine not exceeding fifty pounds, or to both such imprisonment and such fine.

"(2) For the purposes of this Act the expression 'consideration' includes valuable consideration of any kind, the expression, 'agent' includes any person employed by or acting for another; and the expression 'principal' includes an employer.

"(3) A person serving under the Crown or under any corporation or any municipal borough, county, or district council, or any board of guardians, is an agent within the meaning of this Act.

"2 (1) A prosecution for an offence under this Act shall not be instituted without the consent, in England of the Attorney-General or Solicitor-General, and in Ireland of the Attorney-General or Solicitor-General for Ireland.

"(2) The Vexatious Indictments Act, 1859, as amended by any subsequent enactment, shall apply to offences under this Act as if they were included among the offences mentioned in Section 1 of that Act.

"(3) Every information for any offence under this Act shall be upon oath.

"(4) The expenses of any prosecution on indictment under this Act shall be defrayed as in cases of indictment for felony.

"(5) A court of quarter sessions shall not have jurisdiction to inquire of, hear, and determine prosecutions on indictments for offences under this Act.

"(6) Any person aggrieved by a summary conviction under this Act may appeal to a court of quarter sessions.

"3 This Act shall extend to Scotland, subject to the following modifications—

"(1) Section 2 shall not extend to Scotland;

"(2) In Scotland all offences which are punishable under this Act on summary conviction shall be prosecuted before the sheriff in manner provided by the Summary Jurisdiction (Scotland) Acts.

"4 (1) This Act may be cited as the Prevention of Corruption Act, 1906.

"(2) This Act shall come into operation on the first day of January nineteen hundred and seven."

One object of this Act is to endeavour to stop the practice of taking and giving secret commissions, in consideration for which an agent does something contrary to the interests of his principal.

Where a broker shares with a banker, through whom the order has been received, his commission upon any sale or purchase of stocks or shares, it is now customary to place a notice upon the contract note that the commission is divided with the banker. (See also **SECRET COMMISSIONS**.)

**PREVENTION OF CRIMES ACTS.**—These are a series of Acts, five in number, passed between 1871 and 1891, for the purpose of providing all necessary means for the registration of criminals,

and for ascertaining such particulars as to the man who will make their identification a matter of facility in case of a second or subsequent conviction or arrest on suspicion. The Acts further make provision for public supervision, for the treatment of juvenile offenders in industrial schools, and for giving the police additional powers as regards the search of premises for stolen goods. A later Act, passed in 1908, and amended by the Criminal Justice Administration Act, 1914, empowers a judge to send a "juvenile adult" offender, on conviction, to a Borstal institution, and to order the prolonged detention of an old offender as an habitual criminal.

**PREVIOUS QUESTION.**—This is one of the motions for the suppression of debate, it being designed to get rid of the substantive motion then under discussion without putting it directly to the vote. It does not imply hostility so much as a desire to avoid a definite indication of opinion on the matter. The "previous question" motion is, perhaps, not quite self-evident, it means not the previous substantive business, but the logically prior question as to whether a vote shall be taken on the substantive motion then being debated; logically prior, that is, to such vote being actually taken.

The form of the "previous question" motion is: "That the question be now put", those are the words in which the chairman puts it to the meeting, but the mover, as a rule, simply says: "I beg to move the previous question." This must be seconded, and the motion may then be debated generally together with the merits of the substantive motion in question. If it is carried, it has the same effect as the motion: "That the meeting do proceed to the next business," viz, the substantive motion in hand is dropped, and the next item on the agenda is taken. If, on the other hand, the motion is negatived, the substantive motion must be put to the vote at once, and that is the disadvantage of the "previous question," that, whether carried or lost, it stops discussion on the substantive motion in hand. The chairman, however, need not accept the "previous question" motion.

The "previous question" cannot be moved upon an amendment, nor upon any of the other motions for suppression of debate. The mover is not allowed a reply.

**PRICE CURRENT.**—A list or pamphlet, or an enumeration of the various articles of merchandise, with their prices, the duties payable thereon, if any, drawbacks, etc. Lists of this description are published periodically, weekly or oftener, in most of the great commercial cities and towns.

**PRICKING NOTE.**—This is a shipping order from the Custom House addressed to the chief officer of a ship, requesting him to receive on board certain bonded or drawback goods required for exportation or ship's stores.

**PRIMA FACIE.**—Latin, "On the first view." The appearance of a matter, at first sight, before making a thorough examination of it.

**PRIMACE.**—Originally this was an allowance made by the shipper to the captain of a vessel for the use of the tackle and gear used in loading or unloading cargo; it is now simply an addition to a quoted rate of freight. The amount varies according to the usages of different ports.

**PRIME AND AVERAGE ACCUSTOMED.**—This phrase is frequently inserted in a bill of lading,

the word "average" meaning a *pro rata* charge levied by the ship, on the owners of its cargo, to cover the expenses of lights, pilotage, wharfage, etc. The charge for average is now generally included in the charge for *prime*.

**PRIME COST.**—The original, first, or direct cost of an article before any expenses or profits are added. It is distinguished from the cost of production, which includes all the items of expenditure incurred in manufacture, direct or indirect.

**PRIMOGENITURE.**—This term signifies the right of the first-born—Latin, *primogenitus*—to succeed to the real estate of an ancestor. It only applies to sons. If there are no sons but only daughters, they succeed to real estate equally as co-parceners.

**PRINCIPAL.**—This term is used in two senses, either as the person who is the head or the chief person of a firm, or as money which is invested and upon which interest is paid.

**PRINCIPAL AND AGENT.** (See AGENCY)

**PRINCIPAL AND SURETY.**—(See GUARANTEE)

**PRINTED MATTER, HOW TO GET IT DONE.**—

For advertisements, circulars, etc., it is very frequently necessary that persons connected with commercial affairs should be able to give instructions at the shortest possible notice as to the manner in which the same are required for use. It is quite easy to write out an advertisement or a circular, but in order that it may be effective it ought to be displayed in various sizes of type (*qv*), and different opinions will exist as to how this should be carried out. Unless there were well-known rules for marking off manuscript, it might be necessary to have the proofs sent backwards and forwards over and over again. With a slight amount of knowledge, however, all this difficulty can be easily avoided, and if the following rules are attended to the compositor will be able to set up the matter at once, and any alterations can be speedily effected when the proof is submitted. How to correct proofs is dealt with in the article PROOFS, CORRECTION OF.

Write out the advertisement or circular in ordinary style, taking care to incorporate all that is required, and giving a general idea of the style, spacing, etc.

Indicate large capitals by three horizontal lines under the words required to be so displayed.

Two lines are used to indicate small capitals.

One line denotes italics.

A wavy line denotes heavier type.

All rulings should be carefully and clearly marked on the original copy, and the time and care expended upon this part of the work will be found to effect a great saving in the long run.

If possible the copy supplied to the printer should be typewritten.

When the compositor has set up the matter, a proof is pulled and corrected by the reader. After the corrections marked on the proof have been made, a *revis* is generally submitted to the author of the matter in hand who in turn makes what changes he desires. As to how these changes and alterations are effected, reference must be made, as before stated, to the article which deals with the correction of proofs (*qv*).

**PRINTERS' PROOFS.**—(See PROOFS, CORRECTION OF)

**PRINTING INK.**—The thick composition used by printers for inking type. It is made chiefly of lampblack and linseed oil varnish. (See INK)



**PRIORITY OF DEBTS.**—The phrase "priority of debts" imports that all the creditors of a bankrupt or of a company in liquidation are not paid off equally. Suppose a debtor owes £100 in rates and taxes, £100 wages to servants and £500 to other creditors. His estate amounts to £350. This might possibly be thought to mean 10s. in the £ for everyone, but this is not so. Rates and taxes, wages to servants, together with certain other liabilities, must be discharged in full before the other creditors get anything. (See PREFERENTIAL PAYMENTS.)

The following debts must be paid in priority to others—

(a) All parochial or other local rates due from the bankrupt at the date of the receiving order, and having become due and payable within twelve months next before that time, and all assessed taxes, land taxes, property, or income tax assessed on the bankrupt up to the fifth day of April next before the date of the receiving order, and not exceeding in the whole one year's assessment. It has been held that telephone rent due to the Postmaster-General, paid in pursuance of the usual form of agreement, comes within this provision.

(b) All wages or salary of any clerk or servant in respect of services rendered to the bankrupt during the four months before the date of the receiving order, up to £50.

A commercial traveller and the mate of a vessel were held to be "clerks or servants" within the meaning of this provision, but it was held not to apply to a music master and drill sergeant, to a public singer, or to an accountant occasionally employed.

(c) All wages of any labourer or workman not exceeding £25, whether payable for time or for piece-work, in respect of services rendered to the bankrupt during the two months before the date of the receiving order; provided that where any labourer in husbandry has entered into a contract for the payment of a portion of his wages in a lump sum at the end of the year of hiring, he shall have priority in respect of the whole of such sum, or part thereof, as the court may decide to be due under the contract, proportionate to the time of service up to the date of the receiving order. A miner employed to get ironstone for which he was paid by the ton, was held to be "a labourer or workman," although he employed and paid men under him. A foreman employed by the bankrupt, who made bricks at so much a thousand, and was liable to be discharged at a week's notice, was held to be a workman. It is provided that, as to payments under the Workmen's Compensation Act, 1906, a sum of not exceeding £175 shall be preferential. Similarly, all contributions payable under the Unemployment Insurance Act, 1920, by the bankrupt or by a company in liquidation, in respect of employed contributors or workmen in an insured trade during four months before the date of the receiving order also enjoy priority as far as debts are concerned. Whether insolvency results in an actual adjudication or not, the bankrupt must pay attention to these priorities for no composition or scheme can be approved by the court which does not provide for the payment in priority to other debts of all debts directed to be so paid in the distribution of a bankrupt's property.

The debts referred to above rank equally between themselves, and must be paid in full, unless the property of the bankrupt is insufficient to meet

them, in which case they abate in equal proportions between themselves.

The debts above mentioned must be discharged forthwith, so far as the property of the debtor is sufficient to meet them. The trustees of a friendly society have, on the bankruptcy or liquidation by arrangement (*sic*) of the affairs of an officer of the society having property or money of the society, a right to receive such property or money in preference to other debts and claims against the estate. In such a case it appears that the debt due to, or property claimed by, the society will have priority over all other debts and claims (even though the money or property cannot be actually traced). Where any person is apprenticed or is an articulated clerk to the bankrupt, the adjudication shall, if either the bankrupt or apprentice, or clerk, gives notice in writing to the trustee to that effect, be a complete discharge of the indenture or apprenticeship or articles of agreement; and if any money has been paid by the apprentice or clerk to the bankrupt as a fee, the trustee may pay such sum as he (subject to an appeal to the court) thinks reasonable, out of the bankrupt's property, to or for the use of the apprentice or clerk, regard being had to the amount paid by him, and to the time during which he served with the bankrupt, and to the other circumstances of the case. A trustee may, instead of acting under the preceding provisions of the Section, transfer the indenture of apprenticeship or articles of agreement to some other person. Where a wife's money is lent or entrusted to her husband for the purpose of any trade or business carried on by him or otherwise, it will be treated as assets of his estate in the case of bankruptcy. The wife, however, has a right to claim a dividend when the claims of all the other creditors for valuable consideration have been satisfied.

**PRIVATE ARRANGEMENT.**—An agreement made between a debtor who is insolvent and his creditors to avoid the expense and publicity of proceedings in bankruptcy. Such an arrangement must be made by deed, and the deed must be registered.

**PRIVATE BANK.**—(See BANK, PRIVATE.)

**PRIVATE BILLS.**—These are special Bills laid before Parliament which concern individuals and corporations, rather than the public at large. Thus, railway companies, municipal corporations, and similar bodies sometimes need special powers to be conferred upon them in order that they may carry out the objects of their undertakings. As nothing can be done which in any way affects the public without Parliamentary authority, the powers sought for must be sanctioned by the legislature, and the only way in which this can be done is by a private bill, which, on being passed, becomes a private Act. There is an elaborate procedure to be observed in presenting and getting through a private bill, and it would be impossible to give even an outline of the same without going into details which are beyond the scope of the present work.

**PRIVATE COMPANY.**—The name "private company" has been applied for many years to that class of companies, which were composed of a number of individuals, always seven or more, but whose shares were practically in the hands of or under the entire control of one person. A private company was, in fact, understood to mean a "one man" company (*q.v.*). In its characteristics there was no difference, from a legal point of view, between a public company and a so-called private

company. The law itself took no special notice of such a thing as a "one man" company. However, the multiplication of these companies eventually led to statutory provisions being made, and these provisions, first contained in the Companies Act, 1907, are now repealed and re-enacted in the Act of 1908. By Sect 121, a "Private Company" for the purposes of the Act is defined as one, the articles of which (a) Restrict the right to transfer its shares, (b) Limit the number of its members (exclusive of persons who are in the employment of the company) to fifty, and (c) Prohibit any invitation to the public to subscribe for shares or debentures of the company. By the Companies Act, 1913, the following paragraph is substituted for (b). "Limit the number of its members (exclusive of persons who are in the employment of the company and of persons who having been formerly in the employment of the company, were while in such employment and have continued after the determination of such employment to be members of the company, to fifty." The number of shareholders is limited, as it is seen, to fifty, but the minimum is two instead of seven. Any private company can, under the Act, turn itself into a public company. For this purpose it must pass a special resolution and do all those things which are explicitly set out in Sect 121, Sub sect 2. When a private company is formed the articles should be most carefully drawn so as to set out what are the exact powers and rights of the shareholders, especially as to the transfer of shares. It is difficult to say exactly what will amount to an invitation to the public to come in and take shares, and the line drawn between what is and what is not a public invitation is very fine. Great care must, therefore, be exercised as to this point, otherwise all the advantages to be derived under the Act will be lost.

Under the Companies Act, 1913, it is necessary to send to the Registrar each year, along with the statutory list of members and summary, a certificate signed by a director or the secretary that the company has not, since the date of the last return, or in the case of a first return since the date of the incorporation of the company, issued any invitation to the public to subscribe for any shares or debentures of the company, and, where the list of members discloses the fact that the number of members of the company exceeds fifty, also a certificate so signed that such excess consists wholly of persons who under section 121 of the Companies (Consolidation) Act, 1908, as amended by the Act of 1913, are to be excluded in reckoning the number of fifty.

A private company is constituted in exactly the same manner as a public company. It must have its memorandum and its articles of association, but these need not be signed by more than two members, instead of the seven required in the case of a public company. The memorandum must set out fully the nature and objects of the company, and the company itself must be registered. When registration is sought it is necessary to apply for a certificate on a special form. Unlike a public company, it can commence business immediately after its incorporation. (See COMMENCEMENT OF BUSINESS.) Also, since there is no offer of shares to the public, there is no payment of any underwriting commission in respect of their shares. It has already been stated that the articles must be so drawn as to restrict the transfer of shares, that is, the company must so arrange matters that the

shareholders cannot by any chance exceed fifty. How this is to be accomplished is a matter for the careful consideration of the parties concerned. The easiest method is to frame a clause which shall prohibit the transfer of the shares without the sanction of the board of directors. And when some of the employees are admitted as members it is advisable to make their holding conditional upon their remaining servants of the company. Again, if it is desired to make the company as nearly as possible a "one man" company, the person holding the greatest number of shares should be made a director for life, and his appointment should be irrevocable.

Also, in order to preserve internal harmony, it is advisable that there should exist some right by means of which a majority of the shareholders may at any time buy out any other shareholder who is generally antagonistic to the business and aims of the company.

With the following exceptions, which are provided for by statute, there is absolutely no difference between the management of a public and a private company. The latter need not do any of the following things—

- (a) Include, with its annual summary, the statement showing the financial condition of the company, as required by Sect 26, Sub sect 3.
- (b) Forward and file the statutory report.
- (c) Place restrictions upon the appointment of directors.
- (d) File a statement in lieu of a prospectus.
- (e) Place restrictions on the allotment of shares.
- (f) Obtain a minimum subscription before commencing business.
- (g) Open its books, etc. to the inspection of either preference shareholders or debenture holders, unless there is a provision to that effect in the articles of association.
- (h) Wait for the statutory meeting before varying contracts.

#### PRIVATE EXAMINATIONS IN BANKRUPTCY.

—In addition to his examination in public (see PUBLIC EXAMINATION), a bankrupt may, after a receiving order has been made, be examined in private as to his dealings and property. This is called the "private examination." It is an ordeal which not only the debtor, but his wife, and "any person known or suspected to have in his possession any of the estate or effects of the debtor, or who is supposed to be indebted to the debtor, or any person whom the court may deem capable of giving information respecting the debtor," may be called upon to undergo. If any person summoned refuses to come before the court at the time appointed, the court may cause him to be apprehended and brought up for examination. Again, if he refuses to produce any documents which he may be called upon to produce, he may be apprehended. Such person may be examined on oath, either by word of mouth or by written interrogatories. The court may even order the examination of the trustee or a creditor. If any person, when examined, admits his indebtedness to the debtor, he may be ordered to pay the amount admitted to the official receiver or trustee, and if he confesses to having property of the debtor, he may be ordered to deliver it up.

While the application for an examination must be made by the official receiver or the trustee, other persons may make it through the medium of the official receiver. The applicant must show a *prima facie* probability that some benefit will

accrue to the estate or the creditors. A witness summoned to be examined must answer any question relating to the property or the dealings of the bankrupt, and if he refuses, the registrar may report him to the judge. Nevertheless, a witness other than the bankrupt may refuse to answer on the ground that the answer might incriminate him, in which case he will be allowed considerable latitude. It will be for the court to say whether the excuse he makes for not answering is genuine or not.

If a solicitor is called he may refuse to disclose matters communicated to him while employed as a solicitor.

Witnesses summoned for examination are entitled to their ordinary expenses.

**PRIVATE INTERNATIONAL LAW.**—(See CONFLICT OF LAWS.)

**PRIVATE LEDGER.**—In this book are entered all particulars of a private nature relating to a business. These comprise the accounts for capital, drawings, loans, investments, and fixed assets. Should it be desired to preserve the privacy of the bank account, this also may be provided for, the inspection of the totals from the cash book at any time completing the account, and showing the position at date. The profit and loss accounts and balance sheets are usually inserted in the private ledger, so providing ready reference to the results of past periods, and comparisons of such results and the position of the business may be made from time to time. The private ledger should be fitted with a lock, care being taken that the keys are kept in the possession of those persons having the right to examine the book.

In balancing the books by the staff, in the absence of the information in the private ledger, this is easily effected by raising a private ledger adjustment account, to which all transactions during the period which require posting to the private ledger, are taken, the trial balance being then prepared for the period in itself, *i.e.*, with the elimination of the balances at its commencement.

**PRIVATE SECRETARIES.**—Those persons whose business it is to attend to the private correspondence of their employers and to assist them in their private capacities. (See SECRETARY.)

**PRIVILEGE.**—This is a protection afforded by the law to persons occupying public positions, judicial office, or positions in which public duties are to be discharged so that such duties may be discharged without fear. The Bill of Rights provides that the freedom of speech, and debates or proceedings in Parliament ought not to be impeached or questioned in any court or place out of Parliament, this provision sets out the chief example of privilege known in English law. Other Parliamentary privileges exist but cannot be fully discussed in an article of limited space, *e.g.*, access to the crown, having the most favourable construction put upon all their proceedings, freedom from arrest (to-day claimed only to a limited extent), the right to regulate its own proceedings and to enforce its privileges if necessary by fine or imprisonment.

Parties, counsel, witnesses and judges have the protection of the law, in respect of things said in open court. The judge in a proper case restrain those before the court from speaking irrelevantly and no action lies against a judge for words spoken by him in his judicial capacity.

Qualified privilege is extended to statements

otherwise defamatory spoken or written by a person in his official position provided that they are spoken or written in good faith. The same protection is afforded to a master in giving a testimonial or answering questions regarding a former employee. He is under no liability to give any information, but if he elects to do so the communication is privileged unless actuated by malice. Thus where a communication is made honestly "for the purpose of discharging a legal, moral, or social duty" it is a privileged communication. The confidential report of a superior officer, a letter written in self defence without malice, a letter to a public authority on a matter of public importance if made or sent with perfect honesty and not actuated by malice, will receive the protection of the law and the author will not be liable for the apparent libel contained therein.

Similar protection in relation to prosecutions and imprisonments are extended in proper cases, and the times within which actions may be brought against public authorities are on the same principle limited under the Public Authorities Protection Act (*q.v.*)

**PRIVY COUNCIL, JUDICIAL COMMITTEE OF.**—This is the legal tribunal of last resort in cases which come up by way of appeal from the British Dominions beyond the Seas, and also in ecclesiastical cases. It is also the appellate tribunal in Prize Court cases. It was constituted as a permanent court in the reign of William IV. The members of the committee include all the Lords Justices of Appeal, and privy councillors of high judicial standing, either in the United Kingdom, the British self-governing Dominions, or India. In ecclesiastical cases the Committee is assisted by certain ecclesiastical assessors if such a course is considered desirable.

**PRIZE COURTS.**—Prize courts are temporary courts of law set up by a nation during war for the purpose of considering and adjudicating on prizes of war taken by the nation by which the court is set up. Their functions are to condemn property, usually ships and cargo, properly captured, to order restoration and in proper cases restitution in respect of wrongfully captured property, to punish persons guilty of acts against the laws of war in course of the capture, and to adjudicate as to distribution of prize money according to the rules of the state.

English custom vests jurisdiction as to matters of prize in the Admiralty Division, and Prize Courts are set up when and as required by virtue of the Naval Prize Court Acts, 1864-1916. It should be remembered that a capture does not vest in the captors until condemnation, and the rules as to prize do not extend to the public ships taken as prize by one belligerent from another. Prize courts have jurisdiction in respect of enemy merchant ships and cargo, contraband belonging to neutrals, and the property of neutrals implicated in breach of blockade or in acts in breach of neutrality.

Every maritime country has its own rules, in relation to prize, but in general the practice approximates to that of the British Courts.

**PRO.**—The word used in correspondence or in other documents when a person signs not on his own account, but on behalf of his principal or employer. Sometimes instead of "pro" the words "per pro" are used, an abbreviation of the Latin *per procuratorem*. The use of either form exonerates the person signing from personal responsibility.

The principal is responsible if the person signing is acting within the scope of his authority.

**PROBATE.**—Probate is the official copy of a will with the seal or certificate of the Probate Division, showing that the will has been duly proved.

When a will is proved, the original must be deposited in the registry of the court, and a copy thereof on parchment is made out under its seal, and delivered to the personal representatives, together with a certificate that it has been proved. All these together are commonly called the probate. It is the probate granted by the court which enables the trustees and executors to act.

Until the Land Transfer Act, 1897, was passed, probate was only granted, under ordinary circumstances, of wills making a disposition of personal property situated in this country. Now probate will also be granted in respect of real property only, even though the testator has left no personal estate, and in respect of mixed personality and realty.

Before 1898, a will of a person disposing solely of real estate was not admitted to probate in England unless it contained an appointment of executor, but since that date realty for the purposes of probate has been placed in the same position as personality, both devolving upon the legal personal representative of the deceased, and now grants of probate, and letters of administration with or without the will annexed, as the case may be, are made of all the estate which by law devolves upon and rests in the personal representative of the deceased, both real and personal estate.

Probate cannot be obtained of a will which purports to make dispositions when there is no property in existence of the testator at all. The proper person to obtain probate is the executor named in the will, or the executors if there are more than one. If there is no executor named, or the executor refuses to act, the applicant for probate must enter into a bond with two sureties for the proper and faithful administration of the estate. One surety will suffice when the whole personal estate does not exceed £50 in value, or where the husband of a deceased woman is the applicant. The jurisdiction of granting probate of wills is exercised by the Probate Court (*qv*). The principal registry is at Somerset House, and any will may be proved there, but for the convenience of people living in the country, district registries have been established for granting probate of the wills of persons residing at the time of death in the respective districts. The original wills are kept in the district registries, but copies of them are sent to Somerset House, and this is how it is possible for a visitor to Somerset House to inspect the will of any deceased person who has died in England, if he wishes to do so, on payment of a fee of 1s. Copies may also be obtained, the cost depending on the length of the will. (For the list of the district registries for probate, see PROBATE COURT.)

A district registrar has full power to grant probate if he is satisfied that the deceased had his permanent place of abode in the particular district over which his jurisdiction extends. It should be mentioned that there is at Somerset House a Personal Application Department, where executors or personal representatives can obtain all information as to the proving of wills. Also in those cases where the whole of the real and personal estate of a deceased person does not exceed £500, without deducting his debts and funeral expenses, application may be made to a local Inland Revenue office.

Probate will not be granted of a will unless it

complies with the requirements of English law. The will (*qv*) must be in the form required by the Wills Act, 1837. Soldiers on actual service, and seamen in the Merchant Service or in the Navy, can make their wills without restriction as to the form. If the deceased executed his will abroad, the general rule is that it must be in the form required by the law of the testator's domicile when he made it, but as regards British subjects there are modifications under Lord Kingsdown's Act, 1861. (See WILLS.) A testator must have had capacity to make a will, so that the wills of infants are void, and so are the wills of lunatics, unless made during a lucid interval. The mere fact that a testator had delusions will not invalidate a will, if his mind was clear on material points. An habitual drunkard when in drink has not testamentary capacity. Mutual or conjoint wills are, generally speaking, illegal. A testator must have known and approved of the contents of a will, and he must have acted as a free agent and not under duress or undue influence, though undue influence does not comprise acts done under the influence of attachment, friendship, and affection. If there are two instruments executed as wills, and there is no evidence which was executed first, both instruments will be admitted to probate, and it will be left to the Chancery Division to decide questions of construction. Where a second, or a later will, is inconsistent with an earlier will, the latter is revoked so far as it is inconsistent.

In addition to the executor either named in the will, or according to the tenor of the will, probate may be granted to executors for life appointed by the will, or to executors substituted in the will on the decease of the executor for life, or in case the latter's office should be determined owing to his infringing any special provision or condition imposed by the will. Probate of a will will not be granted to a company or corporation aggregate, even if they are appointed executors. The company or corporation would be granted, not probate, but letters of administration. In short, to obtain probate a person must be an executor in some shape or form, and if he is not, he will only receive letters of administration, with or without the will annexed, as the case may be, and so will a company.

Although there are several things which may be done before a grant of probate is made, or letters of administration obtained, it is always advisable to obtain the one or the other as soon as possible, especially in the case of an administrator, as great difficulties may arise at a very early stage in a case of semi-administration. On the other hand, an executor derives his authority direct from the will, and probate is merely a ceremonial procedure evidencing his right to act as executor, but an executor cannot proceed in an action at law in any matter concerning the estate of the deceased without producing the probate, which is the sole evidence of his title. Where an executor intends to act without the aid of a solicitor, he may make application as to what is necessary at a district registry, or at Somerset House, but in general he will find that personal intervention is a great deal of trouble and a great waste of time.

Grants of probate are of two kinds: in common form or in solemn form. The former is used for all ordinary and undisputed cases, the executor presenting the will at the proper registry, together with an affidavit that the same is the true and last will of the deceased. The executor must take two separate oaths or affirmations, (1) that he will duly

administer the estate, which is known as the oath of office; (2) the oath for inland revenue. The former states the date at which the testator died; if the executor cannot name this accurately, he must satisfy the registrar why he cannot; and an executor may also have to give proof of his identity. Application cannot be made except by leave until seven days after the testator's death, and if no application is made during the three years next after the testator's death, the registrar will have to be satisfied as to the reason of the delay. The latter oath sets out the nature and value of the estate for the purposes of the assessment of estate duty. Where the attestation of the will is faulty, an affidavit is required from one or both of the attesting witnesses, and if it appears from the affidavits of both witnesses that compliance has not been made with the requirements of the Wills Act, probate will be refused. If a will has been lost, it will be necessary to prove that there was a will properly executed in existence since the testator's death, and that the copy produced is a true one, before probate will be granted. Where there is only a draft will produced, probate in common form will not be granted unless the next-of-kin consent.

Probate in solemn form is the method adopted when there are likely to be any difficulties or disputes over the will. All parties interested are cited to appear in court, the will is produced, witnesses give evidence, and all the facts as to the making of the will are inquired into. Probate in solemn form usually occurs in two cases: (1) Where the executor himself suspects the validity of the will; (2) where the will is genuinely disputed by those interested in former wills, or by the next-of-kin who would benefit by an intestacy. Probate in common form can be revoked, and any person adversely interested may cause the person who obtained it to prove the will in solemn form. Probate in solemn form, on the other hand, is irrevocable with certain exceptions. Consequently when an executor has any substantial doubt as to the validity of a will he should prove it in solemn form; for a material witness now available may be dead later on, and an executor may himself in some cases be liable for legacies wrongly paid away. The executor propounds the will, and must call one attesting witness, if alive, and, if required, the other also, even if he proves hostile.

The proceedings are usually preceded by a caveat entered by any person desiring to oppose probate. The object of a caveat is to take care that no probate shall be granted until the person entering the caveat (called the caveator) shall have had notice. A caveat may be entered in a district registry, or in the principal. It remains in force for six months after the date of entry, and is renewable. When it is entered, all proceedings for a grant are stayed until it either expires, or is withdrawn, or is warned. Before issuing probate, the caveat book is searched, and if a caveat is discovered the grant is stopped, and the applicant for probate takes out a warning, which is a notice given by the registrar, either personally or by post, to the caveator warning him within seven days after service of the warning to enter an appearance in the principal registry to the caveat, and to set forth his interest. If no appearance is entered within seven days, the grant is allowed to issue, in spite of the caveat, on proper affidavits of the service of the warning and of non-appearance being filed. The warning must state the interest of the person

issuing it. If the caveator enters an appearance, the person warning can take out a writ of summons, and the action proceeds in the ordinary way. If the caveator does not wish to proceed further, the party warning takes out a summons for discontinuance.

The parties to a probate action may be either those interested under the will, *e.g.*, executors or legatees, or those interested in the estate, *e.g.*, as next-of-kin, or as creditors. Everyone having an interest must be either made a party, or be cited to attend the proceedings. One person or more may be authorised to represent the others, where several persons have the same interest. Next-of-kin may cause the executor to prove the will in solemn form, and any person interested may intervene by leave. As a general rule, creditors need not be cited to appear, and they may not oppose the will, unless they have obtained letters of administration. Infants sue by their next friends, and must have guardians.

Besides probate actions, there are two other forms of action usual in the Probate Division: (1) Interest suits, which are now included in the term "probate actions," are suits where the legal interest of a person in the estate of the deceased is denied. An interest cause may be instituted either as an original suit, where the right to administration of an intestate's estate is disputed, or it may arise as a collateral issue in a testamentary cause, when it may be tried separately from the main issues, *e.g.*, where a caveator is warned, and enters an appearance setting forth his interest, the person applying for the grant may begin his action by summons, and deliver his statement of claim denying the interest of the defendant, or the question may be decided as a collateral issue in another action. Questions of pedigree or legitimacy may arise in these suits, or questions of relative fitness, *e.g.*, where there are male and female with equal interests, or where there is a majority of interests as opposed to a minority. (2) Suits for revoking probate, when it has been granted in common form, or for revoking letters of administration. The original grant is called in by citation, and an action instituted for proof in solemn form, or for judgment as to a party's interest.

Formerly it was not difficult for objections to be raised without the objector incurring the risk of having to pay the costs of the action if he were unsuccessful. Now the case is different, and unless the objector makes out a strong case for inquiry into the whole circumstances, he will be in the same position as any other unsuccessful party in an action, and will be ordered to pay the costs of the action mounted by reason of his interference. Where a person, wishing to have the circumstances under which the will was executed inquired into, opposes the will, and gives notice to the plaintiff that he only intends to have the witnesses produced in support of the will cross-examined, he may be released from the liability to pay any costs but his own, unless he alleges fraud or the proceedings are vexatious, but it has now been made clear that even the notice will not protect him unless there was reasonable ground for opposing the will. In a recent case where the jury found that the testator was not of sound mind, memory, and understanding, and did not know and approve of the contents of two codicils, which the executor propounded, the President said that the relief was too prevalent that litigants in his court were sure in any event to obtain their costs out of the estate, but the general

rule was clear that costs followed the event, though there were two departures from that rule, as noticed above. (See EXECUTOR, PROBATE COURT, WILL.)

**PROBATE COURT** (since 1873 a part of the Probate, Divorce, and Admiralty Division of the High Court) — Jurisdiction with regard to probate and the administration of the personal estate of deceased persons was exercised in this country from the twelfth century onwards by the ecclesiastical courts, and the secular courts did not dispute the power of the Church courts to compel the executor to carry out a testator's directions, or their right to administer the estates of intestates. In the provinces of Canterbury and York such business was transacted in the prerogative courts, and the bishops had also jurisdiction in their dioceses. In 1857 the Court of Probate was created, and the testamentary jurisdiction of the ecclesiastical courts was transferred to it.

By Section 4 of the Court of Probate Act, 1857 —

"The voluntary and contentious jurisdiction and authority in relation to the granting or revoking probate of wills and letters of administration of the effects of deceased persons now vested in, or which can be exercised by, any court or person in England, together with full authority to hear and determine all questions relating to matters and causes testamentary, shall belong to and be vested in His Majesty, and shall, except as hereinafter is mentioned, be exercised in a court to be called the Court of Probate."

The exception alluded to refers to suits for legacies and distribution of residues, which would now be dealt with in Chancery. This court existed until 1875, when the Judicature Act, 1873, came into force, and the Probate Court, as such was abolished, and it became part of the Supreme Court, which is divided into the Court of Appeal and the High Court. The High Court was divided into five, now three, divisions, of which the Probate, Divorce, and Admiralty formed one. The judges of this division were to be two in number, but causes were to be heard before one judge alone. All causes and matters pending in the Court of Probate, and all causes and matters which would have been within the exclusive cognisance of the Court of Probate, were assigned to the Probate, Divorce, and Admiralty Division. By Section 54 of the Act of 1857, as amended by Section 10 of an Act of 1858, county courts are given jurisdiction in matters relating to probate and administration, when the deceased had at the time of his death a fixed place of abode within the county court district, where the gross personal estate is under the value of £200 and the real estate does not amount to the value of £300 or upwards. There is a right of appeal from the county court to the Probate Division sitting as a divisional court, *i.e.*, with the two judges. The ordinary appeal from a single judge of the Probate Division lies to the Court of Appeal, and thence to the House of Lords, sitting in its judicial capacity. The judge of the Court of Probate is the president of the division, and is an *ex-officio* member of the Court of Appeal.

The jurisdiction of the court is twofold: (1) Contentious matters; (2) non-contentious. Probate actions, *i.e.*, actions having reference to wills and letters of administration, include (a) the action for propounding a will in solemn form (see PROBATE), (b) the interest action, where the plaintiff claims the

grant of letters of administration as one of the next-of-kin or creditor of a deceased person, (c) the revocation action, for revoking probate or letters of administration. The non-contentious business includes that of obtaining probate and administration where there is no dispute as to the right thereto, including the passing of probates and administrations in contentious cases when the action is disposed of, and also that of lodging caveats against the grant of probate or administration. This is known as "common form business." There are three registrars of the court, and a district registrar for each district registry in England and Wales. The district registrar has power (1) to grant probate or letters of administration in common form, if it appears on affidavit that the testator or intestate had a fixed place of abode within the district, but he may not grant probate or administration where there is contention until such contention is disposed of by decree or otherwise, or where it appears to him that probate or administration ought not to be granted in common form. The jurisdiction of the principal registry includes the City of London, Middlesex, Surrey, Hertfordshire, and parts of Essex and Kent. It is not obligatory, however, to apply for probate, etc., to district registries or county court, but the application may in every case be made through the principal registry at the option of the applicant. The following are the district registries for probate:—

| <i>Registry.</i>  | <i>District</i>   |
|-------------------|---|
| Bangor            | Caernarvon and Anglesey   |
| Birmingham        | Warwickshire  |
| Blandford         | Dorsetshire.  |
| Bodmin            | Cornwall  |
| Bristol           | Bristol and Bath  |
| Bury St. Edmund's | Suffolk, West   |
| Canterbury        | Kent (East) and Canterbury.   |
| Carlisle          | Cumberland and Westmoreland   |
| Cardiff           | Cardiff, with the Deaneries of East and West Glamorgan (including the town of Swansea)                              |
| Cardigan          | Cardigan, Cardigan, and Carmarthen  |
| Carmarthen        | Carmarthen, Cardigan, and Carmarthen, with the Deaneries of East and West Glamorgan (including the town of Swansea) |
| Chester           | Chester   |
| Chichester        | Sussex, West  |
| Derby             | Derbyshire.   |
| Durham            | Durham  |
| Exeter            | Devonshire  |
| Gloucester        | Gloucestershire (except Bristol)  |
| Hereford          | Herefordshire, Radnor, and Brecknock  |
| Ipswich           | Suffolk (East) and Essex (North)  |
| Lancaster         | Lancashire, except Salford, West Derby Hundreds, and Manchester   |
| Leicester         | Leicester and Rutland   |
| Lewes             | Sussex, East.   |
| Lichfield         | Staffordshire   |
| Lincoln           | Lincolnshire  |
| Liverpool         | West Derby Hundred  |
| Llandaff          | Glamorgan and Monmouthshire   |
| Manchester        | Manchester, Salford Hundred.  |
| Newcastle-on-Tyne | Northumberland  |
| Northampton       | Northampton (South) and Bedford.  |
| Norwich           | Norfolk.  |

| <i>Registry.</i> | <i>District.</i>                                  |
|------------------|---|
| Nottingham ..    | Nottinghamshire.                                  |
| Oxford ..        | Oxford, Berkshire, and Buckingham.                |
| Peterborough ..  | Northampton (North), Huntingdon, and Cambridge.   |
| St. Asaph ..     | Flint, Denbigh, and Merioneth.                    |
| Salisbury ..     | Wiltshire   |
| Shrewsbury ..    | Shropshire and Montgomery.                        |
| Taunton ..       | Somerset, West                                    |
| Wakefield ..     | Yorkshire, West Riding                            |
| Wells ..         | Somerset (East), except Bath C.C. district.       |
| Winchester ..    | Hampshire   |
| Worcester ..     | Worcestershire                                    |
| York ..          | Yorkshire, North and East Riding (including York) |

The property over which the court exercises jurisdiction is: (a) Personalty situate in England, or in transit to this country at the time of death, thus letters of administration will not issue if the deceased left no property situate within the jurisdiction of the court, and a grant of probate or administration has no direct operation abroad, though an English administrator or executor may sue in England for foreign assets, and the legislature has made provision for the recognition of an English grant in Scotland. (b) Real property, situate in England. It may be noted that since 1897 the court has jurisdiction to grant probate of a will which refers only to realty, even though the testator has left no personal estate. (c) Certain property is exempt by statute, so that no probate or administration is necessary, e.g., Navy money, or effects of seamen, not exceeding £100, soldiers' pension or pay, not exceeding £50, deposits in savings bank, or shares in an industrial society, not exceeding £50. As to jurisdiction over persons where the deceased had not his domicile (*q.v.*) in England, even though he left property situate in England, the English court is not the one to grant probate in the first instance, but the court of the domicile. The English court, however, will generally follow the decision of the latter, but the foreign administrator will have to obtain an ancillary grant here in order to obtain possession of the assets, though the English court will usually adopt the representative selected by the foreign court. The Probate Court does not, of course, interpret or construe the meaning of wills, which business is assigned to the Chancery Division. (See PROBATE.)

#### PROBATE, DIVORCE, AND ADMIRALTY DIVISION. (See HIGH COURT.)

**PROBATION OF FIRST OFFENDERS.**—The administration of the criminal law has undergone great alterations during the last sixty years, and nothing has been more strenuously attempted than the reclamation of youthful offenders. It was felt that the mixing with habitual criminals was likely to have a serious effect upon a young person who had but one fault laid to his charge, and in 1887 an Act was passed under the above title, the purpose of which is thus set out in its first section—

"In any case in which a person is convicted of larceny or false pretence, or any other offence punishable with not more than two years' imprisonment before any court, and no previous conviction is proved against him, if it appears to the court before whom he is so convicted that, regard being had to the youth, character, and antecedents of the offender, to the trivial

nature of the offence, and to any extenuating circumstances under which the offence was committed, it is expedient that the offender be released on probation of good conduct, the court may, instead of sentencing him at once to any punishment, direct that he be released on his entering into recognisance, with or without sureties, and during such period as the court may direct, to appear and receive judgment when called upon, and in the meantime to keep the peace and be of good behaviour. The court may, if it thinks fit, direct that the offender shall pay the costs of the prosecution, or some portion of the same, within such period and by such instalments as may be directed."

By this Act an offender, who falls within the class to be dealt with, is thus placed, as it were, upon his honour, and if there is nothing against him in the future, he hears no more of the charge. The Act has worked most successfully, and perhaps it is not an exaggeration to say, in the words of an American judge, that it is "the finest law upon any statute book."

Other Acts have been passed providing rules as to the probation of offenders, notably the Probation of Offenders Act, 1907, as amended by the Criminal Justice Administration Act, 1914. Their joint aim is the reform rather than the punishment of the offender.

**PROCEEDS.**—The actual sum of money which is realised by a sale or other transaction after all the expenses connected with the same have been deducted.

**PROCESS COST ACCOUNTS.** A system of costing (See COST ACCOUNTS, Costing) used in businesses in which there are a number of processes and it is desired to know the cost of working each process, e.g., chemical industries.

**PROCURATION.**—The permission granted by one person to another, allowing the latter to sign or act for the other. The custom is to sign "per pro," or "p.p." A procuration fee is a commission paid for effecting a loan.

**PRODUCER.**—A person who grows commercial commodities, as an agriculturist, or one who makes them, as a manufacturer. The term is used in contrast with middlemen and consumers.

**PRODUCTS, COMMERCIAL.**—These are treated of under separate headings.

**PROFIT AND LOSS ACCOUNT.**—(See ACCOUNT, Profit and Loss.)

**PROFIT AND LOSS APPROPRIATION ACCOUNT.**—This is an account used in the book-keeping of joint stock companies. It is really an extra profit and loss account, containing on the credit side the balance of profit left from the previous year, and also the net profit brought forward from the profit and loss account for the current year. Out of these total profits, certain sums may be set aside for reserve funds, directors' fees, etc., and then the balance remaining shows the sum available for distribution as dividend.

**PROFIT AVAILABLE FOR DIVIDEND.**—The fundamental basis of applying profits, purporting to be earned for the purpose of distribution as dividend, is not founded entirely upon the principles of the theoretical economist; other and wider considerations are necessary before it is possible to arrive at an amount which may be said to represent the sum which is available for dividend purposes. Broadly speaking, the question resolves itself into one of prudence and foresight on the part

of the directors, who are responsible for the accounts of a company, and who will propound the basis of dividend payments on the one hand, and also for the shareholders, who will consider and decide upon those propositions, always having regard to the fact that, although the statutes do not specifically prohibit the payment of dividends out of capital, there exists an abundance of case-law which bears on the subject; this notwithstanding, it is abundantly clear that a company would be within its rights to declare and pay a dividend on profits which by no stretch of imagination could be regarded as net profit, where its articles do not provide for the replacement of losses on fixed assets out of revenue. If the articles are silent, there is nothing whatever to prevent a board of directors, with the concurrence of its shareholders, from paying a dividend out of profits, from which no sum has been taken to set off a loss sustained through the wastage of any of its fixed assets, but the important point to be observed is as to whether it is sound policy to do so.

The following is an opinion of Lord Justice Buckley from his work on the Companies Acts. Incidentally his lordship says: "The profits of an undertaking are not such sum as may remain after the payment of every debt, but are the excess of revenue receipts over expenses properly chargeable to revenue account. As to what expenses are properly chargeable to capital, and what to revenue, it is necessarily impossible to lay down any general rule. In many cases, it may be for the shareholders to determine this for themselves, provided the determination be honest and within legal limits." This opinion, from the highest and most authoritative source as to the principles and practice of applying profits, is probably the most thorough, yet concise, exposition of the true position it is possible to cite.

From the point of view of the statutes, no direct prohibition exists; it is only possible to say that a payment of dividend out of a fund other than that of profits amounts to a payment out of capital, which is, in effect, another way of reducing capital, which the Companies Acts expressly define as a breach of the statutes. The only actual reference to payment of dividend in relation to capital is found in Sect. 91 of the Companies (Consolidation) Act, 1908, where companies are allowed, under certain conditions, to pay interest out of capital not exceeding 4 per cent. per annum, "and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant." *Inter alia*, a sub-section states that such payment shall not have the effect of reducing the share capital upon which such interest is paid, from which it is apparent the legislature had clearly in its mind that a payment to shareholders not in the form of actual and legitimate profit really constitutes a refundment of capital.

In practically every company's articles of association will be found some clause similar to, or, in any case, analogous to that appearing in Table A (*qv*). Clause 97 simply reads as follows: "no dividend shall be paid otherwise than out of profit." There are very few exceptions where a company's regulations omit some such provision, so that in the presence of adequate data, furnished by a proper system of accounts, which will, at the proper time, exhibit the true financial status of the concern, the whole question solely resolves itself into one of discretion upon those responsible for advising the general body of members as to the

actual nature of the profits available. It should be satisfactorily shown that suitable provision has been made to cover, out of revenue, any wastage of any assets, but this is, *now* the less, a precaution founded more upon the grounds of policy than of actual requirements as defined by the law, for it will be almost universally found that the word "profit," as appearing in practically all sets of articles, is quite without any precise definition, and is capable of some considerable latitude, inasmuch as losses incurred may be sustained out of either capital or revenue. Thus, in the famous case of *Lee v. Newchattel Asphalt Co.*, C.A. 1889, 41 Ch. D. 1, it was decided that the company was within its rights in paying a dividend without having regard to the fact that certain of its property was of a natural wasting nature, and that it actually derived its revenue from properties which, in the process of working, were being gradually exhausted. It must be noted, however, and this is the most important point, the company's regulations contained no provision whatever to the effect that such losses, representing wastage, should be found out of revenues.

In *Ammonia Soda Co. v. Chauderham*, 1918, 1 Ch. 266, it was held that it is not necessarily illegal to pay dividends without first making good existing deficiencies of capital, and that it is not essential to write off a debit to profit and loss account occasioned by losses in previous years before declaring a dividend out of current profits.

Some companies' articles go to the extent of expressly requiring losses represented by shrinkage in value of assets, whether by wear and tear, effluxion of time, or a natural process of depreciation, such as exhausting the resources of a mine or colliery, to be made good out of revenue account. But even in the absence of any such provision, the mere requirement quoted above from Table A would prevent any properly informed board of directors from placing a too broad construction on the definition of the word "profits."

Another and, perhaps, a more far reaching decision in the courts may be cited, viz., *Lerner v. General and Commercial Investment Trust*, 1894, 2 Ch. 239, in which it was sought to restrain the company from declaring a dividend, because loss of capital had been sustained through shrinkage in values of certain investments made by the company; some, indeed, had proved worthless, nevertheless, the yield from some of the investments was more than sufficient to cover the current expenses of the concern, leaving a surplus which enabled the directors to declare a dividend. It was upheld in the Court of Appeal that the company was not acting beyond its powers by so doing, as no law existed to prevent it from employing its resources for the purpose of making such investments, which, at the same time, required that the value of the capital so employed should be maintained, and that, moreover, the company's regulations contained no such prohibition. This decision is even more sweeping than the case of *Lee v. Newchattel* quoted above, inasmuch as in this case the principal object of the concern was one of investment, if not solely so.

It will be readily understood that neither the statutes nor dicta laid down in the different judicial decisions can define precisely what shall and what shall not be regarded as an expense out of, or a loss against, capital account. A multitude of factors enter into the considerations of the varying



classes and conditions of companies carrying on the trade, industry, and finance of the nation. On the face of it, the legal opinions cited appear to give a very great amount of scope to those who have to propound schemes of profit sharing. Legislative and legal authorities have, perhaps, so far wisely left different companies to their own devices in this all important and difficult question, always having regard to the fact that the bounds of the slender legal requirements and the company's own regulations are not to be contravened.

The position of directors in a case of an improper declaration of dividend, infringing the principles dealt with above, is important, if it could be shown that in doing so they had as an object the appreciation of the market price of the shares, it is highly probable that they would become personally liable for the reimbursement of dividends so declared and paid. Such an action, so far as the company is concerned, is *ultra vires*, whilst the action of the directors would be regarded as a misdemeanour, always assuming that it can be shown they had acted with the intention of deluding and are, therefore, guilty of fraudulent intentions. In the case of *Towers v The African Sug Co*, 1901, 1 Ch 558, where payment had been made to shareholders of a dividend improperly declared, it was held that as those shareholders were aware of the full circumstances under which the dividend had been declared, the directors, who had been sued for the amount of the improper payment, had the right to indemnification from those shareholders, but not from such as were unacquainted with the facts.

When confronted with the task of considering the question of payment of dividends, the directors must, broadly speaking, keep the following considerations clearly before them, the most important point to be observed is that the articles of association must, in all cases, be the principal deciding factor.

(1) A thorough review of all the fixed assets of the company should be undertaken with a view of ascertaining whether adequate provision has been made for any shrinkage in values. In this connection the opinion of the company's auditors will, doubtless, have been expressed, and, furthermore, it must be remembered they will take what precautions they may deem necessary to ascertain that the values of various properties have not been overstated. (See INTERPRETATION, SINKING FUND.)

(2) Requirements as to setting aside sums from profits for the purpose of creating or augmenting reserve funds, whether for general or specific purposes. It would appear that directors have a natural duty to perform in deciding upon questions of reserves, even in the absence of any provisions in the articles. (See *Burland and others v Earle and others*, 1902, A.C. 83.) Again, they may find themselves called upon to make provision for the reinstatement of wasting properties, where the shrinkage in values can be more or less accurately measured, in the form of a sinking fund to be formed out of revenue and invested in approved securities, but they must not invest in the company's shares.

(3) After making provision as required above, the last consideration is that of priority of claims out of profits in regard to the different classes of shareholders. As regards dividends due upon preferred shares, whether for current year's profits or for cumulative claims of non-payment of dividend in former years; if on those grounds, the rights of,

ordinary shareholders which take precedence over any deferred ordinary or founders' shares, and any limitations to be applied in their case also.

It has been previously pointed out that the board will have to act to a large extent entirely upon its own initiative in applying its considerations to these difficult problems; the primary element to be observed, however, is, the financial stability of the concern in question: the extent to which it is necessary to conserve its resources and the probable effect of certain contingencies, which it is impossible to gauge adequately, though the imminence of which can be definitely foreseen.

**PROFITS.**—The capitalist-employer, the "captain of industry," is the organiser of the productive forces in their war on want. He buys out the worker by advancing his wages and the landlord or the capitalist-investor by paying rent and interest. He bears the risk that the value of the product may not reach the amount of the advances he has made or the obligations he has incurred; but he does much more than organise, and supervise, and stand risks. He is a merchant, too; from the purchase of the raw material to the discovery of a market for the finished article he is engaged in a strenuous conflict with his fellow capitalists. And on his success in the competition, on his ability to dispose of the goods produced, depends the steady progress of the industry and the regular work of the wage-earner, and his success depends on his skill in keeping down cost by substituting more efficient for less efficient factors, and on his power of attracting customers by an improvement in quality or by a lowering of price.

The qualities needed for a capable employer are clearly of a high order, and should command adequate remuneration. But it is probable that the employer must take as great part of his remuneration the delight in playing the game, in running the risk, and the community gets its employing done more cheaply than any other service. The remuneration obviously comes out of the difference between the advances made and the prices obtained. This difference constitutes the gross profits, but the gross profits are not alone the reward of his time and trouble in directing the business, are not alone his wages of superintendence. These, indeed, may be zero, or even, if he has embarked his own capital, negative: he would have done better if he had invested in safe securities and remained in a wise passiveness. For the gross profits include (1) interest on capital, and (2) a premium for risk, as well as (3) wages of superintendence.

The interest on capital is what can be obtained for money which is invested in such ways that all danger of loss of the principal is precluded, and in the same country, at the same time, this rate is practically uniform throughout the industrial and commercial community. Between the large class that has money to invest and the large class eager to obtain funds for extending their business, intervenes a body of keen, enterprising, and intelligent brokers, by whose competition the rate of interest is made independent of the investment. Allowing, that is, for differences of risks, the same rate of interest is obtained by all lenders of capital. What the rate is, depends on (1) the amount of saving going on, the strength of the effective desire to accumulate, together with (2) the opportunities and scope for investment, and the reluctance or eagerness of people to engage in trade or industry.

Interest is less in proportion as saving is greater; it is less, too, in the degree that people shrink from active use of their funds. Interest is greater in proportion to the demand for capital, that is, the field of investment open and the spirit of eagerness for the capital available. This interest is often spoken of as the reward for waiting or abstinence, the payment which the saving community is enabled to obtain from the spending community owing to the fact that capital does not reach the limit of demand for it. Abstinence here, of course, does not imply any sense of privation or sacrifice; otherwise we might find amusement in contrasting the abstinence of a Rothschild—to whom interest comes in thousands—with the extravagance of a farm labourer, who spends the whole of his wages on himself and his family. Interest is simply a recognition of the fact that goods to be obtained in the future are less acceptable to the bulk of mankind than those immediately available.

The premium for risk which enters into gross profits must be such that, on the average, it balances the losses made in the special business. In a perfectly fair lottery the losses of the losers should be shared among the winners. In like manner the premium for risk in a business should, in the aggregate, amount to all the capital lost, not alone by those who still continue in the business, but also by the greater number who, their capital having perished in its entirety, are no longer able to control industry as capitalist employers. Usually the premium falls far short of what rational expectation would determine. Most business men are inclined to take too sanguine a view of their individual chances of success, and the premium against risk of failure is unduly low.

The wages of superintendence, too, are seldom a fair recompense for the skill and assiduity requisite to be a profit-making employer. Where the competition between employers is keen, as it now is, part of the wages of superintendence must be taken out not in any tangible form, but in the pleasure attached to the excitement of speculation and the free life afforded. Even under a system where all the means of production were in the hands of the State, organisers of industry would be required. There would still be needed men with skill to organise and with foresight to know what the market wanted. It would be necessary to appoint salaried officials to arrange machinery and labour so as to obtain the best results, to provide a steady supply of material, and to arrange for the disposal of the output of the works; and the salaries would in all probability much exceed the wages of superintendence now received by the capitalist employer. The withdrawal of the incentive afforded by working for one's own profit would make the leisurely and wasteful processes, which appear to be inseparable from Government undertakings, incident to all business.

The three elements which enter into gross profits are, in a limited liability company, separated one from another. By considering, therefore, the various people who share in the gross profits, we may make our analysis more effective. The holders of railway debentures, for example, receive what is practically pure interest. The possibility of the loss of their capital is a very remote one, and they are content to have a low rate of interest with security rather than a high rate with risk.

The ordinary shareholders obtain, besides the reward for waiting or abstinence, a payment as a

premium for risk; in the hope of high interest on their investment, they run the danger of low interest or of no interest at all. The payments for organising and managing are included in the director's fees and the salaries of the hired managers. The first division is constant; the second and third are contingent on the success of the undertaking, and are problematical.

The question now arises as to whether the profits of trade can be justified, whether, that is, they are payments for services done to the community. Clearly, if a man transfers an article from the place where it is in abundance to a place where it is in deficiency, he has added to the utility of the thing. He has conferred on it a property it had not before, the property of being where it can be made use of. He has shared in the work of distribution, and his gain is as legitimate as his who causes material to assume a shape in which it is more serviceable to man. The justice of this trading profit is conceded by those who yet argue vehemently against gains made by buying at one time and selling at another. In the Middle Ages severe penalties were inflicted on those who "engrossed," who bought up goods when they were cheap in the hope of selling them when they were dear. In Elizabeth's reign the Government more than once denounced and inflicted penalties on "the uncharitable covetousness of the great cornmasters, who held stocks of corn in hopes of rise in prices and to the pinching of the poorer sort." The speculator who held on his stocks was regarded as a man whose gains were unjust, because they were not obtained by rendering service to the public, and the idea that such transactions are sharp practice akin to fraud is still abroad. Yet it is easy to see that a dealer who equalises supply and demand confers real service on society. For society is more interested in stable prices than in low prices alternating with high prices. The man who speculates who, as the derivation implies, sees far off as from a watch tower—moderates a threatened rise in price and tends to equalise supply with demand. For, since he foresees that, owing to scanty harvests or to the stoppage of some sources of supply, or to the opening of an extended demand, there will be a deficit in the quantity on the market, he lays in stock. His buying up at the moment raises the price in some degree. This rise of price sounds a warning to consumers, and causes them to economise in the use of the article. It also acts as an incentive to the producers of the article to bring forward fresh supplies, or, at any rate, to make provision for fresh supplies in the future. When the time of dearth has come the stocks held in reserve and now put on the market prevent the price from becoming exorbitant. The pinch has been spread over an extended period and has never been excessive, and the more keenly dealers strive to take advantage of fluctuations in supply, the better for the public, and prices will remain fairly stable. A cotton manufacturer is saved from anxiety as to his supplies of raw material and from the locking up of capital in large stocks, because he can make long time contracts with the broker. The broker insures a steady flow at a uniform price: he takes the risk of possible rise of price on his own shoulders, charging the manufacturer a small premium for doing so. When speculation anticipates actual demand and provides for it, the gains are as legitimate as those obtained by any other service

to the community. It is only when speculation degenerates into gambling, when goods are bought without any view to the possible user, and without any desire to have the goods delivered, but simply as counters for playing a game of hazard, that the gains are to be deprecated.

The profits from a patent—which are a kind of monopoly profits, seeing that the use of the method or machine is restricted to the patentee or those to whom he has assigned his rights—are justifiable as a recompense for risking invested capital. They are not a reward for invention nor for disclosing the invention to the public. It is found to be conducive to public welfare and progress, to allow the originator of a new process, or the inventor of an improved machine, a certain time during which he may make higher than ordinary profits. Otherwise few capitalists would venture to develop and perfect what, after all, are only improvements in theory until they have been realised in practice. The actual complexity of affairs may cause some weighty consideration to be overlooked, so that what worked perfectly in the laboratory and on the small scale of a model may be a failure when applied to real work. The capitalist who risks must be assured that other capitalists shall not be allowed, the moment the patent is proved a success, to share in the gains. Society thus obtains the testing of all likely schemes in the best and most economical manner, that is, by those who, since they risk their own property, are most keenly interested in the schemes.

The profits from copyrights, books, or music, are to be defended on similar grounds. The publisher must be protected from universal competition, in case the book he publishes should be a success, for he bets in his own capital the very great risk that the work will be a failure. The copyright, like the patent, is an incentive to the capitalist to invest his money, not a premium to the author. Though the author benefits through the privilege granted to the publisher, he benefits indirectly.

**PROFIT-SHARING SCHEMES.**—“Although profit-sharing schemes are now in their infancy, their multiplication and growth, when once they enter into the general domain of popular discussion, are among the things which may most confidently be expected.” So said Mill in 1848, leaving for a while the scientific study of facts, and posing as a prophet. He had examined with much interest and pleasure the scheme for participation in profits devised by a Parisian house-decorator, and he welcomed it as destined to replace entirely the “repulsive idea” of a society held together by bought services alone. The idea is, indeed, most attractive, it seeks to make mutual service and goodwill replace the antagonism of interests which are usually mutually prominent. This method is usually adopted: (1) The employer retains the unfettered management of the business, (2) the full market rate of wages is paid, and no condition as to joining a Union is insisted on; (3) a share of profits made above a *settled minimum* is divided among the workers, usually in proportion to their wages. The principle underlying the system is that work done varies in accordance with the interest taken in the result, and that the prospect of an increment of pay will attract workmen of more than average ability and industry, and will make these more efficient, more careful with material and machinery, and less liable to strikes and disputes. They will thus create the additional

profits in which they share. Clearly, however, this is possible only where the men are not already working to the best of their capacity, and only in such business is profit-sharing of advantage. Wages are a first charge on the produce of industry; any chance that the wages advanced may not be realised by the sale of the product is borne by the capitalist. Because he bears the risk in his own capital he receives the whole of the profits, and to those whom he employs the compensation would seem not inadequate. They do not, perhaps, take into consideration, as they should, the fact that some employers make no profits whatever—that others lose even the capital they possessed; in a very natural way the big profits receive all the attention. Even so, the big prizes in a lottery rouse interest: the multitude of small losses make little impression. Many a workman, acquiescing with what goodwill he may in the fact that he does not—except indirectly—participate in profits, or share losses, is content to play for safety. If he chooses to take his excitement, his relief from the humdrum monotony of his daily round, not in speculation on high or low profits, but in very remote interest in a racehorse, or in the fluctuations of a football match, on which money payments are contingent, who shall pose as arbiter of morals and censure him?

To the ordinary workman, certain immediate gains are preferable to possibly greater future gains. Like so many of us, he does not possess the “telescopic faculty” to any great degree. The perhaps penurious times to come do not loom large before his eyes, and his discount of the future is, therefore, exorbitant. He may not be quite prepared to acquiesce in the old doggerel—

“Hang sorrow, cast away care,  
The parish is bound to find us,”

and, in conformity therewith, utilise his income to the last penny on present consumption. He will probably have joined a benefit society and have insured his life, but thus done, he considers that he has paid sufficient homage to prudence. He treats each increase of wage as an added means of enjoyment, or as investments in the health, strength, and education of his children. Nor can we pronounce this method of using earned increments any less worthy than his who spends days and nights in amassing savings against the rainy day, so terrifying to some minds. The virtue of prudence can easily degenerate into the vice of meanness, and if life is cramped and pinched, and duties to family and society are unperformed in the struggle to save one penny here and another there, we need shed no tears that such prudence is not frequently found among the workers of our land.

The argument advanced by those who praise profit-sharing schemes, so that employers may give them a trial, is that the workers will create the additional profits in which they share. Even from a pecuniary point of view, the employer will be no loser, while the harmony of interest between him and his men will give to him that peace of mind which the relations based on bought services cannot give. From the standpoint of a workman who does not believe in profit-sharing schemes, however, such an argument appears a quite gratuitous insult. It implies that until he is promised a plum for his goodness, he is a shirker. He will do his best only when a bonus is in view.

The fatal picture of the wage-system as a perpetual struggle between employer and employed,

each striving to get as much and give as little as possible, is surely untrue. It is a strange employer who regards his men merely as machines which he must work at the highest pressure with the least waste of fuel; and it is a stranger workman who takes no other interest in his work than to perform the minimum which will be admitted as a fulfilment of his contract, or—as it is often put—the least which is consistent with not being discharged. The worker who gets no pleasure out of his work is not often found; and he is greatly to be pitied when he is discovered. The idea of a society composed of capitalists, who seek to sweat their workers to the last point, and of workers engaged in avoiding work is repulsive enough, but such a society could not long, and does not now, exist. The wise employer has long been converted to the doctrine of "the economy of high wages", and the workman, who also has intelligence, knows well enough that his own prosperity is bound up with the prosperity of the firm for which he works. It would perhaps be better to call the whole system, as one famous firm does, "prosperity sharing," rather than profit sharing. High wages and big profits are usually coincident, the workman is worst off in those firms which are struggling on the margin of failure. It would, of course, be absurd to deny that in certain matters the good of the workman is at variance with the benefit of the employer. But the workman has learnt that there is harmony as well as conflict between the employer's interests and his own.

An argument often advanced against profit-sharing and bonus schemes, is that thereby too many spies are created—a thought more unkind and irritating to the conscientious man than it is to the "slack". Every workman becomes potentially a foreman, and though in all probability he may not openly denounce the idleness of his fellows, yet in the flattering prospect he has of great profits, he may drop jesting hints which are as effective as formal reports. "So and-so does not believe in putting his shoulder out much", and "so and-so comes under the close scrutiny of the master's eye. Besides, the man who has sweated for his bonus will—if the bonus falls far short of his optimistic forecast—be ready enough to doubt the good faith of his employers. Illusion is very natural as to the respective sizes of profits and wages. The profits are concentrated in the hands of a few, the wages are distributed among many. The 5 or 10 per cent. of profits becomes little when it reaches the working share. The very measure introduced to assure unbroken harmony may thus lead to friction. (See also CO PARTNERSHIP.)

**PROFITS PRIOR TO INCORPORATION.**—There exists a very delicate and important distinction between profits earned up to the date when a company has obtained its certificate of incorporation and profits earned after incorporation, assuming it to have taken over a business prior to that time. It frequently happens that a company is formed to acquire a business as a going concern; to take the whole affair over as it exists in the books of the vendor some weeks or even months before the company obtains its legal status quo.

A considerable amount of discussion has arisen from time to time as to whether a company may distribute profits after the date of incorporation or the date from which it is entitled to commence business (*q.v.*). Some authorities have submitted the opinion that as a company cannot carry on

business until it has conformed to certain conditions prescribed by the statutes, it cannot *ipso facto* be in a position to earn profits. Against this a greater weight of authority has been opposed on the ground that a company, upon receiving its certificate of registration, *i.e.*, incorporation, can be said to exist legally, and that from that date, although its business operations until "commencement" is sanctioned are theoretically in suspension, nevertheless its capital is employed. The former course is probably the one to be followed, were it not for the fact that the statutory measures as to commencement of business were framed with a view to safeguarding the interests of investors in entirely new ventures, little regard being had to companies taking over established profitable businesses where the chances of difficulty arising as to satisfying the requirements at the commencement of business stages would be remote. Consequently, the date of incorporation has been now almost universally adopted as the time from which a company may earn divisible profits.

As a company cannot be earning profits before its incorporation, any profits taken over with a business on the date of incorporation are incapable of being distributed as dividends, nor must they be added to any form of revenue reserve from which they could afterwards be appropriated for the purpose of payment out of profits. The more usual course is either to write off the ascertained amount of profit from goodwill, if any goodwill has been taken over, or failing that, the total of one or other of the fixed assets is reduced by the amount. In any case, it is not advisable to carry the amount to the credit side of the books in the form of reserve liability, nor under any circumstances should it be shown under the head of profit and loss account, on the balance sheet, as an item of profit capable of distribution.

There are also grave objections to the suggestions put forward that these prior profits might be utilised for the elimination, or partial elimination, of the cost of promoting the company, *i.e.*, the preliminary expenses, it is contended that in doing so a company would be absorbing these profits in such a way as would amount to another form of disbursing them; in fact, it would be tantamount to a distribution, inasmuch as the preliminary expenses would be disposed of, and so relieve the company from the necessity of drawing upon the profits for this purpose out of its earnings *since* incorporation.

The apportionment of profits before and after the date of incorporation is calculated upon the ratio of the time which elapses between the date when the profit of the vendor was last computed and is said to have been taken over by the company, and the dates of incorporation as against the time lapsing between the date of incorporation and the closing of the books for audit on the first occasion in the company's career. Thus, where a company is formed for the purpose of taking over a business as a going concern, as standing in the books of the vendor on the 1st of January, the company receives its certificate of incorporation on March 1st following, and completes its financial year on December 31st in the same year, then the profits shown for the twelve months ending on that date will contain two months' profit earned by the old business administration, so that one-sixth may not be utilised for dividend purposes, and can, consequently, only be employed for the purposes previously explained. The only alternative to this method of computation

will be to arrange to take stock on the date of incorporation and balance the books as upon the occasion of a regular audit, and so ascertain the actual profits<sup>(1)</sup> earned at the moment when the company embarks upon its existence from the statutory standpoint, the profits then arrived at will be definitely known, and may be applied to one or other of the objects before advocated. This latter plan is, however, not frequently resorted to, as it is found that a sufficiently close approximation can be arrived at by the first method in the majority of cases, but where the volume of business at different seasons of the year is liable to considerable fluctuation or the character of trade differs greatly, as between, say, summer and winter seasons, then the necessity for an audit at the time of incorporation will be much more apparent as the differences<sup>(2)</sup> are often of a more or less vague character—require consideration, and will make a comparison on the basis of time a somewhat unsatisfactory one. If, however, the past history of the business reveals a fairly steady and normal turnover month by month, and has not been subject to wide extremes in the volume of business, then there should be no need for an audit of the books at incorporation, even if the period between the vendor's last audit and incorporation amounts to as much as three or even four months.

**PROFITS TAX.**—By the Finance Act, 1920, a new tax, called Corporation Profits Tax, was imposed on the profits of certain corporations as mentioned hereafter. The tax is an amount equal to 5 per cent. of the profits of any accounting period ending after 31st December, 1919, provided that where the profits arise in an accounting period of 12 months the first £500 of such profit is exempt. Where the profits arise in a shorter accounting period a proportion of the £500 is allowed, e.g., in an accounting period of six months, the first £250 is exempt. It is further enacted that the amount payable in any accounting period out of the profits of a British company shall not exceed 10 per cent. of the profits of that period after deducting any interest or dividend actually paid at a fixed rate on any debentures, debenture stock, preference shares (being shares which do not confer on the holders any right to participate in profits beyond the right to receive fixed dividends at a fixed rate), or permanent loan issued before 20th April, 1920.

The profits to which the Act applies are (a) those of a British company (*i.e.*, any company incorporated by or under the laws of the United Kingdom), carrying on in the United Kingdom any trade or business, or any undertaking of a similar character, including the holding of investments, (b) those of a foreign company, so far as they arise in the United Kingdom.

In the main profits are determined on the same principles as for income tax under Schedule D, but the following points should be noted.

(1) Profits arising from lands, tenements, or hereditaments<sup>(1)</sup> forming part of the assets of the company are to be included as also are all interest and dividends and other income arising from investments of other source and received in the accounting period, except when received from a company liable to be assessed to corporation profits tax in respect thereof.

(2) No deduction is allowed for the annual value of any premises used for the purposes of the company.

(3) Artificial transactions are disallowed.

(4) No deduction for wear and tear, renewals, obsolescence, capital expenditure for development

purposes or otherwise, is allowed other than such as may be allowed for income tax.

(5) Income tax and corporation profits duty are disallowed.

The normal accounting period is one of twelve months ending on the date up to which the accounts are usually made up. For a period greater or less than twelve months, and in other special circumstances, the accounting period may be determined by the Commissioners of Inland Revenue.

Where part of an accounting period is after, and part before 1st January, 1920, the total profits are to be apportioned between the two periods.

The Commissioners require the secretary of a company or other officer performing the duties of secretary, or, in the case of a foreign company, any person being an agent, manager, factor, or representative of the company, to furnish them within two months with returns of the profits of the company during any accounting period.

It will be the duty of every person who may be required to make a return to give notice that the profits are so chargeable to the Commissioners within six months of the end of the period for which the accounts of the company are made up, unless he has been previously required by the Commissioners to make a return.

For failure to furnish a proper return or to comply with the requirements of the Commissioners the person will be liable on summary conviction to a fine not exceeding £100, and to a further fine of £10 a day.

Artificial or fictitious transactions render the company liable to a fine not exceeding £500.

The tax is payable two months from the date of assessment. Liquidators, receivers, or other persons having the control of assets of companies being wound up are required to make provision for the payment of the tax before distributing the assets. Failure to do this makes the offender liable to a fine not exceeding three times the amount of the tax.

Assessments (including additional assessments) may be made at any time within six years after the end of an accounting period, and where satisfactory returns have not been furnished, the Commissioners are empowered to make an assessment to the best of their judgment. Any company dissatisfied with an assessment may appeal to the General or Special Commissioners.

**PRO FORMA.**—Latin, "as a matter of form."

*Pro forma* documents are drawn up after a prescribed model to satisfy some legal requirement or some trading custom.

**PRO HAC VICE.**—Latin, "for this occasion."

**PROHIBITED GOODS.**—Commodities which are by law forbidden to be exported from or imported into a country.

**PROHIBITION.**—This is the name of a writ which is sometimes applied for in the Divisional Court of the High Court of Justice to prevent a certain thing being done by a court of inferior jurisdiction. Thus, if a county court attempts to assume the right to do a certain thing, the High Court may, upon cause being shown, issue a writ to restrain the judge of the county court from exercising the jurisdiction claimed by him.

**PROHIBITIONS AND RESTRICTIONS.**—A term of the Custom House for those goods which are prohibited from being imported or shipped, and those articles which are prohibited except under certain conditions.

**PROMISSORY NOTE.**—A promissory note has been defined by sect. 83 of the Bills of Exchange Act, 1882, as "an unconditional promise in writing made by one person to another signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money to, or to the order of a specified person or to bearer."

If an instrument is drawn in the form of a note payable to the order of the maker, it does not become a promissory note within the meaning of the above definition unless and until it has been indorsed by the maker.

The above are the first two sub-sections of sect. 83. The other two sub-sections, as well as sect. 84 of the Act, are as follows:—

"(3) A note is not invalid by reason only that it contains also a pledge of collateral security with authority to sell or dispose thereof."

"(4) A note which is, or on the face of it purports to be, both made and payable within the British Islands is an inland note. Any other note is a foreign note."

"Sect. 84. A promissory note is inchoate and incomplete until delivery thereof to the payee or bearer."

It is to be remembered, however, that an instrument which is invalid as a note may be valid as an agreement. But a proviso as to giving time for payment does not prevent a document being a valid promissory note. Thus, the following has been held to be a valid note:—

"London, January 21th, 1901.

"£125

"We jointly and severally promise to pay Mr. A. B. (carrying on business in the name or style of the X. Y. Bank) or order the sum of £125 for value received by instalments in manner following, that is to say, the sum of £5 on Thursday, the 31st day of January next, and the sum of £5 on the Thursday in every succeeding week until the whole of the said £125 shall be fully paid, and in case default is made in payment of any one of the said instalments the whole amount remaining unpaid shall become due and payable forthwith. No time given to, or security taken from, or composition or arrangement entered into with either party hereto shall prejudice the rights of the holder to proceed against any other party."

This was decided in the case of *Kirkwood v. Carroll*, 1903, 1 K B 531.

**Form.** No special form is essential to render the instrument valid as a promissory note, but it must be drawn in such a manner as to indicate that the drawer had the intention of making a note. Thus, it was held in one case that a banker's deposit note in the following form, "Received of Mrs. E. B. one hundred and fifty pounds, to account on demand" was not a promissory note.

It is the general practice for a promissory note to be drawn as follows:—

£50. London, August 22nd, 1900.



Four months after date I promise to pay to Mr. John Roberts or order the sum of fifty pounds for value received.

JAMES SMITH.

James Smith is the maker of the note, and John Roberts is the payee.

Leeds, August 29th, 1920.

£100



On demand I promise to pay to the X. Y. Bank, or Company, Limited, or order, at their Leeds office, the sum of One hundred pounds with legal interest for the same from the day of the date hereof.

JOHN JONES.

Witness

A note which is written by John Brown in the form, "I, John Brown, promise to pay," etc., is valid, without his signature appearing at the foot, but variations from the usual forms are not to be encouraged.

If a promissory note payable on demand does not include a promise to pay interest, interest cannot be legally enforced.

The note may be drawn for any time, or on demand, and may be made payable to bearer, instead of to order, as a bill of exchange or a cheque. And it will be seen from the definition that in most respects a promissory note is like a bill of exchange, and by sect. 89 all the provisions of the Act of 1882 relating to bills of exchange are applicable, with the necessary modifications, to promissory notes, with the exception of (a) presentment for acceptance, (b) acceptance, (c) acceptance signed protest, and (d) bills in a set.

**Amount and Stamp.** There were at one time restrictions placed upon the amount for which a promissory note could be drawn. All these have now been removed. The stamp on a promissory note, which is always an impressed one, is always an *ad valorem* one, even though the promissory note is made payable on demand or at sight.

The stamp duties are regulated as follows:—

| When the amount or value of the money for which the note is made does not exceed | s. | d. |
|--|----|----|
| £10  | 0  | 2  |
| Exceeds £10 and does not exceed £25  | 0  | 3  |
| " £25 " " £50  | 0  | 6  |
| " £50 " " £75  | 0  | 9  |
| " £75 " " £100   | 1  | 0  |
| " £100   |    |    |

For every £100, and also for any fractional part of £100, of such amount or value 1 0

(The change in the duty from 1d to 2d on promissory notes for amounts not exceeding £5 was made by the Finance Act, 1918.)

On promissory notes payable on demand or at sight, or on presentation, or not exceeding three days after date or sight, the duty is according to the above table. (Bills of exchange payable in the same way only require a 2d stamp.)

The Finance Act, 1891, provides:—

"Sec. 1. (1) For the purposes of this Act the expression 'promissory note' includes any document in writing (except a bank note) containing a promise to pay any sum of money."

"(2) A note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency, which may or may not be performed or happen, is to be deemed a promissory note for that sum of money."

On all inland promissory notes the stamp must be impressed.

The *ad valorem* duties upon promissory notes drawn or made out of the United Kingdom are to be

denoted by adhesive stamps (Stamp Act, 1891, Sec. 34, s.s. 2). The adhesive stamps are to be Foreign Bill stamps. Every person into whose hands such a promissory note comes in the United Kingdom before it is stamped shall, before he transfers or negotiates or pays the note, affix thereto a proper adhesive stamp and cancel every stamp so affixed (Sec. 35, s.s. 1). An adhesive stamp is to be cancelled, by the person required by law to cancel it, by writing on or across the stamp his name or initials and the true date of his so writing.

The duty is calculated upon the amount of the note. If the note is drawn payable "with interest," the interest does not affect the amount of the stamp.

A bill or note issued by the Bank of England or the Bank of Ireland is exempt from stamp duty.

Where the amount secured by a promissory note is payable by instalments, the duty is simply upon the one full amount, and not upon each separate instalment.

**Parties.** A promissory note being a negotiable instrument and therefore transferable like a bill of exchange or a cheque, it is necessary to examine what are the liabilities of the parties. The maker is primarily liable upon the instrument, occupying the same position as the acceptor of a bill, and in default of his paying the note each of the indorsers can be sued in turn, the first indorser corresponding to the drawer of an accepted bill payable to the drawer's order. But no maker is liable until the note is signed by him and issued, i.e., delivered by him to the payee or to bearer, and no other person is liable as a party to it unless and until his name appears on it. Presentment for payment (*qv*) to the maker is necessary in order to render an indorser liable. A promissory note payable to bearer passes without indorsement, and so does one indorsed in blank. The liability of the transferor is explained under **BILLS** and also under **CHEQUES** (See also **HOLDER**). Days of grace (*qv*) apply to promissory notes as to bills of exchange, with the same limitations. The rules as to forgery (*qv*) are also equally applicable.

**Note Payable on Demand.** A note is payable on demand when it is expressed to be so payable, or when no time for payment is stated. Such a note must be presented for payment within a reasonable time of its indorsement, otherwise the indorser is discharged. What is a reasonable time depends upon the particular facts of each case, the nature of the instrument, and the usage of trade. "Where a note payable on demand is negotiated, it is not deemed to be overdue, for the purpose of affecting the holder with defects of title of which he had no notice, by reason that it appears that a reasonable time for presenting it for payment has elapsed since its issue" (Sec. 86 s.s. 3).

An indorser of a promissory note should add the date of his indorsement.

**Fraud.** If a person is seduced by any fraud to sign a promissory note, he may, unless he is proved to have been negligent in the matter, be held liable thereon. This was decided in the interesting case of *Levis v. Clay*, 14, 1897, where a person was lured into signing a promissory note in the belief that he was merely witnessing the signature of another person.

**Presentment for Payment.** It has been stated already that a note must be presented for

payment in the first instance, just as a bill of exchange must be presented to the acceptor. As to the particular place of presentment the Act is as follows: "Where a promissory note is in the body of it made payable at a particular place, it must be presented for payment at that place in order to render the maker liable. In any other case, presentment for payment is not necessary in order to render the maker liable. Where a note is in the body of it made payable at a particular place, presentment at that place is necessary in order to render an indorser liable, but when a place of payment is indicated by way of memorandum only, presentment at that place is sufficient to render the indorser liable, but a presentment to the maker elsewhere if sufficient in other respects, shall also suffice" (Sec. 87, s.s. 1, 3).

**Estoppels.** For various purposes, the drawer, the acceptor, and each indorser of a bill of exchange enter into certain engagements and are estopped from denying certain matters connected with the bill to which they are parties. In the same way the maker of a promissory note, by making it, engages that he will pay the same according to its tenor, and precludes himself from denying to a holder in due course the existence of the payee and his then capacity to indorse. This is by virtue of sect. 88 of the Bills of Exchange Act.

**Collateral Security.** A note is not invalid by reason only that it contains also a pledge of collateral security with authority to sell or to dispose of the same. It is an undecided point whether the right to the security itself would pass with the instrument.

**Joint and Several Promissory Notes.** A promissory note may be made by two or more makers, and they may be liable jointly thereon, or jointly and severally (*qv*) according to the tenor of the note. The following are examples of a joint promissory note—

London, August 15th, 1920

£75

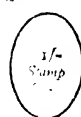


Three months after date we promise to pay to Joseph Swift or order seventy-five pounds for value received

ALFRED BOOTH,  
CHARLES DARLING

Leeds, August 20th, 1920

£100



Three months after date we jointly and severally promise to pay to the X Y Banking Company, Limited, or order, at their Leeds office, the sum of One hundred pounds with lawful interest for the same from the date hereof

JOHN BROWN,  
JOHN JONES.

A joint and several note would have the words "we jointly and severally promise" or "we and each of us promise," instead of "we promise" as in a joint note. The distinction between the two is this: a joint promise by two or more is a promise by the whole number and not by each, a joint and several promise is a promise by the whole and also by each one separately. The latter kind of promissory note is preferable to the former. An unsatisfied judgment against any one of the makers of a joint note is a bar to proceedings being taken among the other makers; but

in the case of a joint and several note a judgment obtained against one maker is no discharge of the others. A partner, in his capacity as such, cannot bind his co-partners severally, but only jointly, but if a joint and several note is drawn he may bind himself severally and his firm jointly. The acceptors of a bill of exchange, if there are more than one, can only be liable jointly, not jointly and severally. But there cannot be two or more makers liable in the alternative on a promissory note any more than there can be two or more drawees in the alternative on a bill of exchange. Where a note runs, "I promise to pay," and is signed by two or more persons, it is deemed to be then joint and several note. Any person who signs a promissory note otherwise than as a maker incurs the liabilities of an indorser.

A promissory note made by a banker, payable to bearer on demand, is called a bank note. (See **BANK NOTE**.) A promissory note (except a bank note) cannot be re-issued. Bank notes may be re-issued as often as desired.

**Inchoate Instruments.** It is always dangerous for a person to sign a stamped paper and deliver it to another person. It may be unscrupulously filled up as a promissory note. On this point reference should be made to **INCHOATE INSTRUMENTS**.

**History of Promissory Notes.** Promissory notes came into use at a later date than bills of exchange, and the first mention of them in England was nearly a century later than the mention of bills of exchange. (See **BILL OF EXCHANGE**.) The earliest promissory notes were made payable to bearer. But as soon as the advantage of indorsement had been made manifest in the case of bills of exchange, the practice of making promissory notes payable to order and transferring them by indorsement prevailed, and the courts of law made no distinction between the instruments in this respect. There are various cases reported in the seventeenth century which make this quite clear, but eventually a conflict arose between Chief Justice Holt and the merchants as to this question of negotiability by indorsement of promissory notes, the Chief Justice being strongly opposed to it, whereas the merchants claimed the right as one which had been established by custom amongst themselves. It is unnecessary to enter into the merits of the controversy. The merchants, however, conquered in the end, for a statute was passed (3 & 4 Anne, c. 9), whereby promissory notes were made capable of being assigned by indorsement, or made payable to bearer, and such assignment was thus rendered valid beyond all dispute or difficulty. Thus, what had been gained as regards bills of exchange by custom existing amongst merchants was acquired as far as promissory notes were concerned by legislation.

**PROMOTER.**—The promoter of a company has been defined as the person, or as one of the persons, who carries out the necessary work connected with its formation and flotation. As Sir F. B. Palmer says, in his *Company Law*, "The typical promoter starts the scheme of forming the company, negotiates with the vendors (if any), gets together the board of directors, retains brokers, bankers, and solicitors for the company, has the memorandum and articles of association prepared, provides the registration fees, drafts the prospectus, pays the expense of issuing it, etc., in a word, undertakes . . . to form a company with reference

to a given project, and to set it going, and to take the necessary steps to accomplish that purpose."

It is sometimes wondered at by various people that there is no definition put forward of the term "promoter." The word occurs in various of the repealed Companies Acts, and it is found in the Companies (Consolidation) Act, 1908, in four of its sections, viz., 81 to 84. But there is no attempt made at a definition. And again, much as this country depends upon "judge-made law," as the decisions of our great judges are often called, nothing authoritative has been done by which the deficiency left by the Legislature has been filled by the courts. Perhaps it is not altogether undesirable that this should be so. The courts will not define *hand*, lest some ingenious person or persons should contrive to circumvent the definition. And one is only too well acquainted with the methods of many people who bring joint stock companies into existence to be fully aware that human ingenuity might easily find a way of nullifying the desired effect of any definition of a promoter, no matter how carefully and widely it was framed. It must, therefore, still remain a question of fact, depending upon the particular circumstances of each case, whether any person is or is not a promoter. It has been said, "The term 'promoter' is a term not of law but of business, usefully summing up in a single word a number of business operations, familiar to the commercial world, by which a company is generally brought into existence." And again, "The word 'promoter' is ambiguous, and it is necessary to ascertain in each case what the so-called promoter really did before his legal liabilities can be accurately ascertained. In every case it is better to look at the facts and ascertain and describe them as they are." But it does not follow that a person who has taken a much less active part than that above will necessarily escape the liabilities of a promoter. It may turn out that a very small part of the work connected with the formation of a company will render him liable as such. Everything will depend upon the special circumstances of the case, and from the numerous decisions of the courts upon the subject, extending over many years, it is clear that no man can rely upon complete immunity if he has mixed himself up in the preliminary stages of its establishment.

**Who is a Promoter?** A learned text-book writer has the following remarks relating to this part of the subject: "In seeking to ascertain who are the promoters of a company it is useful to ask—(1) Who started the idea of forming a company for the purpose in question? (2) Who settled what was to be included in the memorandum and articles of association and in the prospectus, or gave the lawyers instruction to prepare them, and information upon which they might be prepared? (3) Who undertook the liability for the costs of preparing those documents, registering the company, and making the preliminary agreements? (4) Who sought out the persons who ultimately became the first directors and induced them to undertake the office? And, lastly, the famous question—*in bono?*—who benefited by the formation of the company? But none of these questions is decisive."

**Tests as to Who is a Promoter.** Very little work will suffice to saddle a person with liability as a promoter. But solicitors and other persons, such as auditors, who act merely as the agents of a promoter, so long as they retain their



professional capacities in the early stages of bringing the company into existence, do not render themselves liable as promoters. So also a person who acts merely professionally for another person in the preparation of the prospectus of a company is not liable as a "promoter" under Sect 84, ss 5 of the Act of 1908. It is commonly supposed that when property is acquired to be transferred to a company on its formation that the vendors of the same are in the position of promoters. This may or may not be the case. If the vendors do not act in any capacity other than that of transferees of their property, no liability can attach to them. Suppose a question has been put to the owners of property something like the following:—"If a company is formed to acquire your property, at what price will you sell it?" If a price is named, there will be no evidence of promotion, nor will a seller be liable as a promoter under such circumstances if he prepares the contracts connected with the transfer of property. But if there are any doubtful transactions connected with the transfer, and the court is satisfied that the particular method of transfer has been used merely as a blind, the vendors will not escape liability as promoters, although they have kept themselves in the background during the proceedings. It is, of course, well known that a small number of persons often form themselves into a preliminary company or syndicate, and that they are, as a body, the promoters of a company which is subsequently incorporated.

**Fiduciary Position of Promoter.** A promoter stands in a fiduciary relationship towards the company which he promotes. It is a principle of law that a person cannot be held to be the agent or trustee for a person not yet in existence, and it might appear, therefore, that a promoter of a company could not be held liable for his acts to a company which he is about to bring into existence. But it has been decided otherwise. True, he cannot be held to be either an agent or a trustee, but the principles of the law of agency and trusteeship are applicable to his case, and he is accountable for all moneys obtained by him from the funds of the company without its knowledge. In a case decided in 1886, it was judicially observed in the Court of Appeal, "Although not an agent of the company nor a trustee for it before its formation, the old familiar principles of the law of agency and trusteeship have been extended, and very properly extended, to meet such case. It is perfectly well settled that a promoter of a company is accountable for all moneys secretly obtained by him from it, just as if the relationship of principal and agent, or of trustee and *cestui que trust*, had really existed between him and the company when the money was so obtained. The promoter undoubtedly stood in a fiduciary position towards the company."

**Promoter and Company.** In following up this branch of the subject, it is impossible to refrain from quoting the admirable summary of the principles in relation to contracts with promoters and persons in a fiduciary capacity which is to be found in the case of *Lagunas Nitrate Co v Lagunas Syndicate*, 1899, 2 Ch. 392. "The first principle is that in equity the promoters of a company stand in a fiduciary relation to it, and to those persons whom they intend to induce to become shareholders in it, and cannot in equity bind the company by any contract with themselves without

fully and fairly disclosing to the company all material facts which the company ought to know. *Erlanger v. New Sombrero Phosphate Co*, 1879, 3 App. Cas. 1218, is the leading authority in support of this general proposition. The rigid view that all property purchased by a promoter is impressed with a trust is not now maintained, and in *Omnium Electric Palaces, Ltd v Barnes*, 1913, 109 L.T.R. 206, it was laid down that where promoters purchased with a clear intention of selling to the company the retention of profits by them was not illegal. The second principle is that a company when registered is a corporation capable by its directors of binding itself by a contract with themselves if all material facts are disclosed. *Salomon v Salomon & Co*, 1897, App. Cas. 22, is a leading authority for this principle. The third principle is that the directors of a company, acting within their powers and with reasonable care, and honestly in the interest of the company, are not personally liable for losses which the company may suffer by reason of their mistakes or errors in judgment. *Oswend, Gurney & Co. v Gibb*, 1865, 1 L.R. 5 H.L. 483, is the leading authority on this head. A fourth principle, not confined to companies, but extending to them, is that a contract can be set aside in equity on proof that one party induced the other to enter into it by misrepresentations of material facts, although such misrepresentations may not have been fraudulent. A fifth principle is that a voidable contract cannot be resumed or set aside after the position of the parties has been changed, so that they cannot be restored to their former position. Fraud may exclude the application of this principle, but I know of no other exception."

**No Secret Profits.** A promoter must not, since he occupies a fiduciary position with regard to the company which he is promoting, make any profit, directly or indirectly, at the expense of the company, unless the company has full knowledge of the facts of the case and gives its consent. If any secret profit is made in violation of this rule, the company may, on discovering the same, compel the promoter to account for and surrender such profit. Thus, in the well-known case of *Ghuckst in v Barnes*, 1900, App. Cas. 240, a syndicate was formed to raise a fund, buy a property, and resell it to a company or to some other purchaser, the fund to be in the names of the trustees who were to promote and register a company to which they should resell the property, and who, if a company should be formed, were to be directors. The trustees bought up some of the charges upon the property for sums below the amount which the charges afterwards realised, and thereby made a profit for the syndicate of £20,000. They bought the property for £140,000, formed a limited company, and resold the property for £180,000 to the company of which they were the first and, at that time, the only directors. They issued a prospectus inviting application for 50 shares and disclosing the two prices of £140,000 and £180,000 but not the profit of £20,000. That some profit had been made by buying up the charges might have been discovered by a close examination of a contract which was referred to in the company's memorandum and articles of association, and in the prospectus. Shares were issued and the company afterwards went into liquidation. It was held that the trustees ought to have disclosed to the company the profit of £20,000, that they had not disclosed it, that the

fact that the company could not rescind was no bar to relief, and that the appellant, as one of the trustees, was bound to replace that portion of the \$20,000 which had been paid to the trustees as their share.

**All Benefits for Company.** When a promoter has once commenced to act in the promotion of a company, he must give to the company the full benefits of any negotiations or contracts into which he enters in respect of the company. Thus, suppose a contract is entered into by the promoter for the purchase of a certain property. He cannot lawfully sell the same afterwards to the company for a price higher than that which he himself gave for it. If an attempt of this kind is made, the company upon discovering the facts of the case and upon being made acquainted with its rights can either rescind the contract for sale into which it has entered or compel the promoter to surrender the profit he would have made if the whole thing had gone through.

**Disclosure to Company.** From what has been already stated it is clearly established that a full disclosure must be made by the promoter of all things which have any connection with his transactions to the company or to those persons who are to be brought in as members of the company. From the slightest consideration it is obvious that this might be nothing more than an empty farce, particularly if the new company consisted of a board of directors who were the nominees of the promoter. It was at one time stated that the promoter was bound to provide the company with an independent and competent board of directors, and to disclose the full extent of his interest in any property he wished to dispose of to the company, so that they might exercise an intelligent judgment as to the transaction. That, however, was too broad a statement of the law. It now appears that the directors of the company may consist of the promoter or promoters and his or their nominees, and that transactions between the promoter and the company will be perfectly valid if a full disclosure is made of all the material facts. But if the company intends to offer its shares to the public something more is required. The facts must be set out in the prospectus which is issued when the public is invited to come in, and the omission to do so will render the promoter liable, whatever disclosures have been made previously by him, to those persons who have become the first members of the company. A promoter cannot shield himself by using his own nominees as intermediaries. Such a course would open the door to any amount of fraud. It was to a case of this kind that Lord Halsbury referred in *Gluckstein v. Barnes*, 1900, App. Cas. 240, when he said "It is too absurd to suggest that a disclosure to the parties to this transaction is a disclosure to the company of which these directors were the proper guardians and trustees. They were the very terms of the agreement to do the work of the syndicate, not as to say, to cheat the shareholders, and thus, forsooth, is to be treated as a disclosure to the company, when they were really there to hoodwink the shareholders, and so far from protecting them were to obtain from them the money, the produce of their nefarious plans."

**Full Disclosure.** The importance of a full disclosure is so well established that a promoter would be acting with the utmost folly if he

attempted to get out of his obligation by an incomplete statement of all material facts. He must keep nothing back—all disclosures made must be made with the utmost clearness and frankness. It is not sufficient to give hints of such a character that a careful and diligent inquiry might discover the true state of facts for himself. The law does not in any way exonerate the promoter, and it does not place any burden, except alertness in repudiation, upon the parties drawn into the company. How these full disclosures ought to be made will be seen in the article *Prospectus*, to which reference should here be made. And as regards time, a promoter cannot limit the period during which he is bound by his acts and statements. The rule as to the time during which his liability lasts may be stated, roughly, as follows: It commences when he begins to act in any way for the purpose of bringing the company into existence and it lasts, generally, until the time when the capital of the company has been taken up.

But however much a promoter may be held liable for his acts after he actually commences the work which leads up to the formation of a company, he is in no way liable for anything which is done by him prior to the commencement of the real promotion work. Thus, he may, if he chooses, acquire properties, even though he has the main idea before him of transferring the same to the long run to a company. And if the company which eventually comes into existence is actually aware of the fact that the promoter is the actual vendor of the property, it cannot lay claim to any of the profits which the promoter has gained by his previous transactions.

**Remuneration of Promoter.** With all these heavy risks upon him, it may be asked how is the promoter to obtain any adequate remuneration for his work. It is clear that when a company of any magnitude is floated, the promoter or the promoters, if there are more than one, may have to do a vast amount of work before the projected scheme is carried through. And when this is so, it is only right and proper that there should be a suitable, and in some cases a handsome reward for all the time and trouble expended.

The form and the amount of the remuneration must obviously vary very widely, and everything must depend upon the special circumstances of the case. The general plan adopted is for the promoter to take his reward out of the purchase money paid for the property acquired. But there are various other methods, and the one to be adopted will undoubtedly be that which meets with the general desires of all the parties concerned. Whatever is paid, however, and is to be paid, must be set out fully in the prospectus of the company, or in the statement that is issued in lieu of a prospectus. If the payments have already been made, the sums given to the promoter during the two years preceding the formation of the company must be disclosed, and disclosed clearly, in the prospectus.

**Remedies Against Promoters.** It has been pointed out already that any secret profits made by a promoter when acting as a middleman, e.g., in purchasing property for a company from third person, must be handed over to the company after making allowances for all expenses incurred. But if a promoter sells his own property to the company, and does not disclose that he is

making a profit by so doing, the company may claim a rescission of the contract. The remedy, however, must be sought without delay, because the vendor is entitled, in the absence of fraud to be placed in the same position which he occupied before the sale. If there is no possibility of a rescission, owing to the condition of affairs being such that the *status quo* cannot be re-established, the only remedy which the company possesses is a claim for damages. It cannot claim the surrender of the profit which has been made by the promoter.

**Preliminary Agreements and Contracts.** When a company is about to be formed it is generally intended that it will take over certain properties or rights, and it would be ridiculous to attempt to register a company until all such arrangements have been made as will enable the properties or rights to pass to it upon its incorporation. Otherwise the object for which the company is to be formed might not be attained. To accomplish this end various preliminary agreements and contracts are entered into between the vendors of the properties or rights and some person or persons who will act as the trustee or the trustees for the contemplated company. It happens very frequently that the promoter is the person who acts as the trustee. But in entering into these agreements and contracts, the promoter, or whoever acts as trustee, must take care to limit his own personal responsibility unless he desires to acquire the properties or rights in any event. For if he enters into agreements and contracts, absolutely and without limiting his liabilities, he alone is liable upon them, and the company which he is promoting cannot be bound by them in any way before its incorporation. It is a well-known rule of law that an agent cannot contract on behalf of a non-existent person, and a company incorporated subsequently cannot ratify a contract made in its behalf before its incorporation.

In order to bind itself the company must enter into a new contract after its incorporation upon the terms of the old one. At one time this could be effected at any time after the incorporation of the company. An alteration was made in 1900, and this changed state of things has been incorporated in the Companies (Consolidation) Act, 1908, and by sect. 87, s.s. 3, it is enacted:-

"Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date, and on that date it shall become binding."

(See COMMENCEMENT OF BUSINESS.)

By reason of the existence of this provision, it is the general practice to have a stipulation inserted in every contract of sale rendering the same void unless the company does actually commence business by a certain date. This enactment is now extended to all companies which are not private companies. It is immaterial that certain statements are put forward in the memorandum or articles of association to the effect that the company is established for the purpose of taking over the advantages and benefits of agreements and contracts which are specifically having been made. The company itself, when it is entitled to do so, must enter into these agreements and contracts. It is therefore, generally speaking, unsafe to rely upon anything except a formal new contract entered into by the company as soon as it has attained statutory power which enables it to

contract, and this must be done by the directors with a full knowledge of all the facts of the case. In practice the following method is frequently adopted. The preliminary agreement or contract is entered into with the person who is the trustee for the proposed company, and the company afterwards enters into the same agreement by indorsement on the old agreement, the new incorporating the provisions of the old by reference to them.

**Stamp Duties.** A matter for consideration, and by no means an unimportant one, is the amount of the stamp duty which has to be paid upon the agreement or contract entered into by a promoter or a trustee as a preliminary to the formation of the company. The rate of duty is governed by Sect. 59, s.s. 1, of the Stamp Act, 1891, which is as follows:-

"Any contract or agreement made in England or Ireland, under seal, or under hand only, or made in Scotland, with or without any clause of registration, for the sale of any equitable estate or interest in any property whatsoever, or for the sale of any estate or interest in any property except lands, tenements, hereditaments, or heritages, or property locally situate out of the United Kingdom, or goods, wares, or merchandise, or stock or marketable securities, or any ship or vessel or part, interest, share or property of or in any ship or vessel, shall be charged with the same *ad valorem* duty, to be paid by the purchaser, as if it were an actual conveyance on sale of the estate, interest, or property contracted or agreed to be sold."

The rate of the duty is 10s. per cent. on the amount of the consideration. The duty is obviously payable upon such things as patents, licences, trade marks, goodwill, book debts, etc. It is also payable upon foreign patents or licences which are to be worked within the United Kingdom. If, however, the sale is not carried out ultimately, the amount paid as duty on the agreement or contract can be recovered. The subject of the stamp duty is one of considerable difficulty, and all kinds of efforts are made to evade the payment of it. Such a course is attended with much risk and may lead to costly litigation.

The liability of the promoter to the company which he promotes has been sufficiently indicated, and also his duty of handing over any profits he may have made secretly. But a company must not be negligent in pursuing its remedies. A promoter is held liable as a constructive trustee, and any action which is not commenced against him within six years after the discovery by the company of a breach of trust will be barred by the Statute of Limitations. When the company is in liquidation a promoter may be subjected either to a private examination under Sect. 174, or to a public examination under Sect. 175 of the Companies (Consolidation) Act, 1908, as to the part which has been played by him in the whole affairs of the company. A promoter may also, in England, be made liable for misfeasance (*q.v.*) under Sect. 215 of the same Act. (See PROSPECTUS, WINDING UP.)

**PROMPT.**—A commercial term used to signify the period of time within which a payment of money is to be made. The time varies in different trades, and if goods are sold to be paid for in, say, one month, the agreement is called a one month prompt.

19 MEMORANDUM OF AGREEMENT made this 19th day of September

BETWEEN James Francis Mallinson of 457 The Grove Hammersmith in the County of London Gentleman (hereinafter called the Vendor) of the one part and Alfred James Thornton of 874 Chancery Lane in the County of London Surveyor as Trustee on behalf of the Company about to be formed (hereinafter called the Company) of the other part

WHEREAS the Vendor is the owner of a concession granted by the Government of the Republic of Transylvania on the 25th day of February 1910 for the construction of a line of railway within the said Republic from Whitetown to Blacktown of about 290 miles in length and is desirous of selling and transferring the same together with the works plant and material already accomplished and collected to a Company to be formed for the purpose of working the said concession and constructing the said railway

AND WHEREAS the Vendor has agreed upon the terms and conditions hereinafter mentioned to form such a Company after constituting a Preliminary Company providing for certain expenses thereof

AND WHEREAS in pursuance of the said agreement a Company to be called the Transylvanian Central Railway Promotion Company Limited is about to be formed under the Companies (Consolidation) Act 1908 having for its objects among other things the acquisition of the said concession

AND WHEREAS the nominal capital of the Company is to be £16,000 divided into 15,000 Preferred Shares of £1 each and 20,000 Deferred Shares of 1s. each

AND WHEREAS by the draft Memorandum and Articles of the Company it is provided that the Company shall immediately after the incorporation adopt the agreement therein referred to being these presents

NOW IT IS HEREBY AGREED AS FOLLOWS--

1. The Vendor shall sell and the Company shall purchase all and singular the said concession and the rights and interest therein except as hereinafter reserved and the privileges granted thereunder and the works plant and material already executed and collected at the price of £100,000 payable as hereinafter provided excepting and reserving out of the lands granted by the said concession ten blocks of five hundred acres each out of the freehold government land such blocks to be selected by the Vendor or his nominees and to be transferred to the Vendor or his nominees.

2. As the consideration for the sale the Company shall pay or cause to be paid to the Vendor or his nominees £50,000 in cash and shall allot to the Vendor or his nominees 50,000 fully paid Preferred Shares in the larger Company representing the nominal value of £50,000 and shall allot or cause to be allotted to the Vendor or his nominees immediately upon the registration of the

preliminary Company 3,000 fully paid Preferred<sup>b</sup> Shares of £1 each in the said preliminary Company and 20,000 fully paid Deferred Shares of 1s. each in the said preliminary Company.

3. The costs and expenses of the registration of the Company and such costs as have been incurred prior thereto shall be borne and paid by the Company including the stamp duty upon this and any preliminary agreement.

4. The Company shall provide such capital as may be necessary for the purpose of defraying the engineers' fees for the survey and report upon the railway and such part thereof as is already partly constructed and the expenses attending such examination in Transylvania and any other expenses incurred in England and elsewhere.

5. The terms and the conditions upon which the said capital shall be provided shall be left to the judgment and discretion of the preliminary Company and the reimbursement thereof shall be provided by the railway company when constituted upon the terms and conditions which shall be settled by the preliminary Company and the Vendor but out of the said capital the sum of £2,000 shall be provided by the Company as a deposit and part payment of the purchase price for the concession payable by the Company.

6. The Vendor shall be entitled to add to the said sum of £100,000 such sums as he may deem necessary for the reimbursement of himself of such expenses as he may incur in the promotion or formation and financing of the said railway and in any other transaction directly or indirectly connected therewith.

7. On payment of the said sum of £100,000 the said Vendor shall transfer to the Company the said concession and all sleepers plant works and other material already accumulated for the purpose of constructing the said railway.

8. The said deposit of £2,000 shall be paid to the Vendor or his nominees on or before the 31st day of October 1911 otherwise this agreement shall be null and void unless such time is extended by the mutual consent of the parties hereto.

9. Upon the adoption of this agreement by the Company in such manner as to render the same binding upon the Company the said Alfred James Thornton shall be discharged from all liability in respect thereof.

10. The determination of this agreement under clause 8 hereof shall not give rise to any claim for compensation expenses or otherwise.

AS WITNESS the hands of the parties hereto.

JAMES FRANCIS MALLINSON.

ALFRED JAMES THORNTON.

The term is also used to denote an agreement entered into between a shipper or importer and a merchant, by which the former engages to sell certain goods at a fixed price, the goods being taken and paid for at a fixed date.

**PROOF OF DEATH.**—When a deceased person has had a banking account, the drawing upon which is ended as soon as the banker has notice of the death, no further operations can take place with respect to the account until the banker has been made acquainted with the fact that probate of the will has been obtained (or letters of administration if the deceased has died intestate) and the name of the executor or administrator, as the case may be, has been notified to him.

**PROOF OF DEBTS** (and see DEBTS PROVABLE IN BANKRUPTCY).—In order to obtain his share of the bankrupt's estate in the form of a dividend, the creditor must comply with certain formalities in the proof of his debt. He must prove as soon as may be after the making of the receiving order. His proof must be verified by affidavit, and may be delivered or sent to the official receiver, or to the trustee, if a trustee has been appointed. The affidavit must contain or refer to statement of account, must specify vouchers, and state whether or no the creditor is a secured creditor. The creditor must deduct all trade discounts, but he need not deduct discounts not exceeding 5 per cent. agreed to be allowed for cash. The creditor bears the cost of proving his debt, unless the court otherwise orders. An affidavit of proof of a debt may be sworn before an assistant official receiver, or any clerk of an official receiver authorised by the court or the Board of Trade. Before a creditor can vote at the creditor's meeting, he must have proved a provable debt. Where there are numerous claims for wages by workmen and others employed by the debtor, it is sufficient if one proof for all such claims is made either by the debtor, or his foreman, or some other person on behalf of all such creditors.

If rent or other payment falls due at stated intervals, and at the date of the receiving order there is no specific sum due, the creditor may prove for the proportionate part due at that date.

A debtor may be liable to pay a debt both as a partner and also as a private individual. Thus a promissory note may be made by the members of a firm jointly, and also by some or all of them separately. If a debtor is liable as a sole contractor, and also as a member of a firm, or where he is a member of two or more distinct firms, the circumstance that the firms are in whole or in part composed of the same individuals, or that the sole contractor is one of the joint contractors, does not prevent proof in respect of the contracts against the properties respectively liable on the contracts. So where trust money has been misappropriated by a firm, proof may be made against the separate estate of the trustee partner as well as against the joint estate. On any debt or sum certain, the creditor may prove for interest at a rate not exceeding 4 per centum per annum to the date of the order, from the time when the debt was payable, if it is payable by virtue of a written instrument at a certain time, and, if payable otherwise, then from the time when a demand in writing has been made, giving the debtor notice that interest will be claimed from the date of the demand until the time of payment. Where a debt includes interest, such interest for the purposes of dividend

is calculated at a rate not exceeding 5 per cent., without prejudice to the right of a creditor to receive out of the estate any higher rate of interest to which he may be entitled after all the debts proved in the estate have been paid in full. Interest accruing after a receiving order cannot be claimed unless there is a surplus. A creditor may prove for a debt which was not actually payable when the debtor committed the act of bankruptcy, as if it were payable presently, and he may receive dividends equally with the other creditors, deducting only a rebate of interest at the rate of 75 per centum computed from the declaration of a dividend to the time when the debt would have become payable, according to the terms on which it was contracted.

The trustee examines every proof, and the grounds of the debt, and either admits or rejects it in writing, in whole or in part, or requires further evidence in support of it. If he rejects a proof, he states in writing to the creditor the grounds of the rejection.

If the trustee thinks that a proof has been improperly admitted, the court may, on the application of the trustee after notice to the creditor who made the proof, expunge the proof, or reduce its amount. If a creditor is dissatisfied with the decision of the trustee in respect of a proof, the court may, on the application of the creditor, reverse or vary the decision. The court may also expunge or reduce a proof upon the application of a creditor if the trustee declines to interfere in the matter; or, in the case of a composition or scheme, upon the application of the debtor. This power, however, can only be exercised in relation to a composition or scheme pending before the court, *i.e.*, one which has been accepted by the creditors. If the application, though purporting to be made in the name of a creditor, is really made on behalf of the debtor, it will be dismissed.

This question of the proof of debts is so important, that it is advisable to set out the text of the rules *in extenso*.

#### *Proof in Ordinary Cases*

"1 Every creditor shall prove his debt as soon as may be after the making of a receiving order.

"2 A debt may be proved by delivering or sending through the post in a prepaid letter to the official receiver, or, if a trustee has been appointed, to the trustee, an affidavit verifying the debt.

"3 The affidavit may be made by the creditor himself, or by some person authorised by or on behalf of the creditor. If made by a person so authorised it shall state his authority and means of knowledge.

"4 The affidavit shall contain or refer to a statement of account showing the particulars of the debt, and shall specify the vouchers, if any, by which the same can be substantiated. The official receiver or trustee may at any time call for the production of the vouchers.

"5 The affidavit shall state whether the creditor is or is not a secured creditor.

"6 A creditor shall bear the cost of proving his debt, unless the Court otherwise specially orders.

"7 Every creditor who has lodged a proof shall be entitled to see and examine the proofs of other creditors before the first meeting, and at all reasonable times.

"8 A creditor proving his debt shall deduct

therefrom all trade discounts, but he shall not be compelled to deduct any discount, not exceeding 5 per cent on the net amount of his claim, which he may have agreed to allow for payment in cash.

"9 Formal proof of debts in respect of contributions payable under the National Insurance Act, 1911,\* to which priority is given by this Act, shall not be required except in cases where it may otherwise be required by rules under this Act.

*Proof by Secured Creditors*

"10 If a secured creditor realises his security, he may prove for the balance due to him, after deducting the net amount realised.

"11 If a secured creditor surrenders his security to the official receiver or trustee for the general benefit of the creditors, he may prove for his whole debt.

"12 If a secured creditor does not either realise or surrender his security, he shall, before ranking for dividend, state in his proof the particulars of his security, the date when it was given, and the value at which he assesses it, and shall be entitled to receive a dividend only in respect of the balance due to him after deducting the value so assessed.

"13 (a) Where a security is so valued the trustee may at any time redeem it on payment to the creditor of the assessed value.

"(b) If the trustee is dissatisfied with the value at which a security is assessed, he may require that the property comprised in any security so valued be offered for sale at such times and on such terms and conditions as may be agreed on between the creditor and the trustee, or as, in default of such agreement, the Court may direct. If the sale be by public auction the creditor, or the trustee on behalf of the estate, may bid or purchase.

"(c) Provided that the creditor may at any time, by notice in writing, require the trustee to elect whether he will or will not exercise his power of redeeming the security or requiring it to be realised, and if the trustee does not, within six months after receiving the notice, signify in writing to the creditor his election to exercise the power, he shall not be entitled to exercise it; and the equity of redemption, or any other interest in the property comprised in the security which is vested in the trustee, shall vest in the creditor, and the amount of his debt shall be reduced by the amount at which the security has been valued.

"14 Where a creditor has so valued his security, he may at any time amend the valuation and proof on showing to the satisfaction of the trustee, or the Court, that the valuation and proof were made *bonâ fide* on a mistaken estimate, or that the security has diminished or increased in value since its previous valuation, but every such amendment shall be made at the cost of the creditor, and upon such terms as the Court shall order, unless the trustee shall allow the amendment without application to the Court.

"15 Where a valuation has been amended in accordance with the foregoing rule, the creditor shall forthwith repay any surplus dividend which he may have received in excess of that to which he would have been entitled on the amended valuation, or, as the case may be, shall be entitled to be paid out of any money for the time being available for dividend any dividend or share of

dividend which he may have failed to receive by reason of the inaccuracy of the original valuation, before that money is made applicable to the payment of any future dividend, but he shall not be entitled to disturb the distribution of any dividend declared before the date of the amendment.

"16 If a creditor after having valued his security subsequently realises it, or if it is realised under the provisions of Rule 13, the net amount realised shall be substituted for the amount of any valuation previously made by the creditor, and shall be treated in all respects as an amended valuation made by the creditor.

"17 If a secured creditor does not comply with the foregoing rules he shall be excluded from all share in any dividend.

"18 Subject to the provisions of Rule 13, a creditor shall in no case receive more than twenty shillings in the pound, and interest as provided by this Act.

*Proof in Respect of Distinct Contracts*

"19 If a debtor was at the date of the receiving order liable in respect of distinct contracts as a member of two or more distinct firms, or as a sole contractor, and also as member of a firm, the circumstance that the firms are in whole or in part composed of the same individuals, or that the sole contractor is also one of the joint contractors, shall not prevent proof in respect of the contracts, against the properties respectively liable on the contracts.

*Periodical Payments*

"20 When any rent or other payment falls due at stated periods, and the receiving order is made at any time other than one of those periods, the person entitled to the rent or payment may prove for a proportionate part thereof up to the date of the order as if the rent or payment grew due from day to day.

*Interest*

"21 On any debt or sum certain, payable at a certain time or otherwise, whereon interest is not reserved or agreed for, and which is overdue at the date of the receiving order and provable in bankruptcy, the creditor may prove for interest at a rate not exceeding 4 per cent per annum to the date of the order from the time when the debt or sum was payable, if the debt or sum is payable by virtue of a written instrument at a certain time, and if payable otherwise, then from the time when a demand in writing has been made giving the debtor notice that interest will be claimed from the date of the demand until the time of payment.

*Debt Payable at a Future Time*

"22 A creditor may prove for a debt not payable when the debtor committed an act of bankruptcy as if it were payable presently, and may receive dividends equally with the other creditors, deducting only thereout a rebate of interest at the rate of 5 per cent per annum computed from the declaration of a dividend to the time when the debt would have become payable, according to the terms on which it was contracted.

*Admission or Rejection of Proofs.*

"23 The trustee shall examine every proof and the grounds of the debt, and in writing admit or reject it, in whole or in part, or require further evidence in support of it. If he rejects a proof he shall state in writing to the creditor the grounds of the rejection.

\* New Unemployment Insurance Act





The Proof cannot be admitted for voting at the First Meeting unless it is properly completed and lodged with the Official Receiver before the time named in the Notice convening such Meeting.

(Credit should be given for contra accounts.)

If space not sufficient let the particulars be annexed, but where the particulars are on a separate sheet of paper the same must be marked by the person before whom the affidavit is sworn, thus:—*In Bankruptcy—This is the account marked with the letter "A" referred to in the annexed proof of debt made by \_\_\_\_\_ in re \_\_\_\_\_ sworn before me this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_*

(Signed)

Commissioner or Officer administering Oath.

| DATE. | CONSIDERATION. | AMOUNT. |  |  | REMARKS.<br>• The vouchers (if any) by which the account can be substantiated should be set out here. |
|-------|----------------|---------|--|--|---|
|       |                |         |  |  |   |

Signature of Deponent \_\_\_\_\_

Signature of Commissioner  
or Officer administering Oath } \_\_\_\_\_

"24. If the trustee thinks that a proof has been improperly admitted, the Court may, on the application of the trustee, after notice to the creditor who made the proof, expunge the proof or reduce its amount.

"25. If a creditor is dissatisfied with the decision of the trustee in respect of a proof, the Court may, on the application of the creditor, reverse or vary the decision.

"26. The Court may also expunge or reduce a proof upon the application of a creditor if the trustee declines to interfere in the matter, or, in the case of a composition or scheme, upon the application of the debtor.

"27. For the purpose of any of his duties in relation to proofs, the trustee may administer oaths and take affidavits.

"28. The official receiver, before the appointment of a trustee, shall have all the powers of a trustee with respect to the examination, admission, and rejection of proofs, and any act or decision of his in relation thereto shall be subject to the like appeal."

The fee, payable by means of stamps, upon a proof of a debt above £2 (other than a proof for workmen's wages), is one shilling, and the stamp may be an impressed or an adhesive one. The adhesive stamp must be a "bankruptcy" stamp. An adhesive stamp shall be "cancelled by the various court or other officials by perforation or in such manner as the Commissioners of Inland Revenue may from time to time direct" (Stamp Order, 1890).

An affidavit of proof of debt may be sworn before an assistant official receiver or any clerk of an official receiver duly authorised in writing by the Court or the Board of Trade in that behalf. The trustee may administer oaths and take affidavits. (See Rule 27, above.) Sect. 140 of the Bankruptcy Act, 1914, provides—

"Subject to general rules, any affidavit to be used in a bankruptcy court may be sworn before any person authorised to administer oaths in the High Court, or in the Court of Chancery of the county palatine of Lancaster, or before any registrar of a bankruptcy court, or before any officer of a bankruptcy court authorised in writing on that behalf by the judge of the Court, or before a justice of the peace for the county or place where it is sworn, or, in the case of a person residing in Scotland or in Ireland, before a judge ordinary, magistrate, or justice of the peace, or, in the case of a person who is out of the Kingdom of Great Britain and Ireland, before a magistrate or justice of the peace or other person qualified to administer oaths in the country where he resides (he being certified to be a magistrate or justice of the peace, or qualified as aforesaid by a British minister or British consul, or by a notary public)."

Any alteration or interlineation must be authenticated by the initials of the person taking the affidavit, and in the case of erasure the words or figures must be rewritten and signed or initialed in the margin by the person taking it. (See BANKRUPTCY.)

**PROOFS, CORRECTION OF.**—At some time or other, considering how great is the work of advertising in the present day, there will arise the necessity of correcting various documents which have to be printed. It is therefore a matter of importance that the usual methods of correcting

printers' proofs should be well known, so that the labour entailed in such work may be made as light as possible.

It is always advisable that the copy supplied to the printer ("copy" is the general name for the manuscript) should be clear and legible. Indeed, it is now becoming the common practice to demand typewritten copy. This means an immense saving in cost; and as typewriting is now done at such reasonable prices, it is no great hardship to expect the person who is responsible for the manuscript in the first instance to make use of this means of supplying easily decipherable copy.

The following hints are also useful in the preparation of copy—

(1) Only one side of the paper should be written upon, and a fair margin should be left on both sides of the paper, but more particularly the left.

(2) The size of the paper should be either foolscap folio, or quarto.

(3) If extensive alterations are required in any particular page, it should be re-written or re-typed.

(4) The writing or typing should be of such a character that approximately the same number of words will be contained in each page. This facilitates the measuring up of the manuscript, i.e., it enables the printer to know how much space will be occupied by the whole.

(5) The utmost attention should be given to references and quotations, to the names of places and other proper names, foreign words, etc. The best possible assistance should be given to the printer with regard to these matters. He is entitled to consider that he is absolutely safe in following the directions contained in the manuscript.

(6) In indicating the use of any special kind of type, *e.g.*, italics, capitals, etc., it will save trouble and time if it is carefully remembered that a line drawn under a word in the copy signifies that italics must be used, two lines represent small capitals, three lines large capitals, a wavy line signifies heavy type. Thus—

*illustration*  
ILLUSTRATION  
ILLUSTRATION  
illustration

(7) Punctuation requires careful attention. The ideas of writers vary considerably, and it is unfair to suppose that the printer can meet the peculiarities of every author. The printer is supposed to carry out the ideas of the writer, and he is entitled to look to the author for complete guidance.

(8) A complete uniformity as to spelling is desirable. Diverse spelling causes endless confusion.

(9) Quotations should be carefully noted by being placed between inverted commas.

(10) All matters connected with arrangement, insets, and illustrations, should be carefully considered and decided upon before the copy is delivered to the printer.

By observing the above hints the cost of printing will be materially diminished, and a great deal of time will be saved in correcting the proofs.

When the proofs are received from the printer in the first instance, it is imperative that every letter should be carefully examined. If there are considerable corrections a "revise" will be necessary. In some cases, but not very often, a second

EXAMPLE OF A PROOF SUPPLIED BY A PRINTER AND THE CORRECTIONS,  
MARKED THEREIN.

Socialism and Democracy.

History does not present an adequate inductive basis from which to infer either optimism or pessimism. Although faith that the course of humanity is determined by Divine Providence implies faith also in that course leading to a worthy goal, this falls short of optimism, while manifestly incompatible with pessimism. That the democratic ideal of government contains on the whole more truth than any of its rival ideals, and that it has, for at least two centuries, been displacing them and realising, at their expense or the world, in the leading nations itself, may warrant in some measure the hope that in the long run it will universally and definitively prevail, provided it ~~apropos~~ <sup>appropriates</sup> and assimilates the truths which have given to other ideals their vitality and force.

But between such a vague and modest hope as this and any attempt at a confident or precise forecasting of the fate of democracy there is a vast distance. Whether it will finally triumph or not, and, if it does, when, or in what form, or after what defeats, it is presumption in any man to pretend to know. No mortal can even approximately tell what its condition will be in any country of Europe a thousand or a hundred, or fifty years hence. <sup>even</sup> No one can be certain, for instance, whether its future in Britain will be prosperous or disastrous, glorious or the reverse. The future of BRITAIN itself is too uncertain to allow of any positive forecast in either direction being reasonable. The ruin of Britain may be brought about at any time by quite possible combinations of the other great military and naval powers. The British people country. Those who profess unbounded trust in the British ~~may~~ <sup>may also</sup> quite possibly so behave as to cause the ruin of their people, or in any people, are the successors of the false prophets of Israel, and of the demagogic deceivers of the people in all lands and ages. They belong to a species of persons which has ruined many a democracy in the past, and there is no certainty that they will not destroy Democracy in Britain or in any other country where it at present prevails. On the other hand, there is ~~the hope that Democracy~~ <sup>the hope that Democracy</sup> in Britain will have a lengthened, successful, and beneficent career. Why should it listen to flatterers or believe lies?—Professor Flint.

THE SAME PASSAGE CORRECTED

SOCIALISM AND DEMOCRACY

History does not present an adequate inductive basis from which to infer either optimism or pessimism. Although faith that the course of humanity is determined by Divine Providence implies also faith in that course leading to a worthy goal, this falls short of optimism, while manifestly incompatible with pessimism. That the democratic ideal of Government contains on the whole more truth than any of its rival ideals, and that it has, for at least two centuries, been displacing them and realising itself at their expense in the leading nations of the world, may warrant in some measure the hope that in the long run it will universally and definitively prevail, provided it appropriates and assimilates the truths which have given to other ideals their vitality and force, but between such a vague and modest hope as this and any attempt at a confident or precise forecasting of the fate of Democracy there is a vast distance. Whether it will finally triumph or not, and, if it does, when, or in what form, or after what defeats, it is presumption in any man to pretend to *know*. No mortal can even approximately tell what its condition will be in any country of Europe a thousand, or a hundred, or even fifty years hence.

No one can be certain, for instance, whether its future in Britain will be prosperous or disastrous, glorious or the reverse. The future of Britain itself is too uncertain to allow of any positive forecast in either direction being reasonable. The ruin of Britain may be brought about at any time by quite possible combinations of the other great military and naval powers. The British people may also quite possibly so behave as to cause the ruin of their country. Those who profess unbounded trust in the British people, or in any people, are the successors of the false prophets of Israel, and of the demagogic deceivers of the people in all lands and ages. They belong to a species of persons which has ruined many a Democracy in the past; and there is no certainty that they will not destroy Democracy in Britain or in any other country where it at present prevails.

On the other hand, there is nothing to forbid the hope that Democracy in Britain will have a lengthened, successful, and beneficent career. Why should it listen to flatterers or believe lies?—PROFESSOR FLINT.

revise is called *press*. When the final corrections have been made, the copy is marked "press" or "pint off."

**Correction of Errors in Proofs.** The following are the principal corrections which are necessary in ordinary proofs:—

**Omission of a letter or word.** Draw a caret, thus ^, where the omission occurs, and write the correct letter or word in the margin.

**Omission of a phrase.** Place a caret where the omission occurs, and write the correct phrase in the margin. If this is impossible, owing to the number of words, draw a line from the caret to the top or to the bottom of the page, and make the correction there.

**Omission of space.** Place a caret where the space is required, or draw a line between the letters which ought to be separated, and put the sign # in the margin.

**Omission of stops.** Mark a caret and indicate the required punctuation mark in the margin. If it is a dash or hyphen that is required, indicate the same in the margin thus, & . A full stop should be enclosed.

**Superfluous letters or words.** Draw a vertical line through the letter or a horizontal line through the word, and write in the margin the word "delete," "cancel," or "dele," or make the following sign *df*.

**Superfluous space.** Make a curve from letter to letter or from word to word where the space occurs, and make a similar curve in the margin.

**Punctuation alterations.** Draw a vertical line through the wrong punctuation mark, and write the correct one in the margin.

**Change of characters.** Draw a vertical line through a letter and a horizontal line through a word, and write in the margin—

Where capitals are wanted, "Cap."

Where small capitals are wanted, "Sm Caps."

When italics are wanted, "Ital."

When italics are used and not wanted, "Rom."

For altering the type of any word to that which is contained in the body of the matter, write "l.c.," i.e., lower case.

If a capital letter is required instead of a small letter, place a capital in the margin, or write "u.c.," i.e., upper case.

**Wrong letter or word.** Draw a vertical line through the wrong letter and a horizontal line through the wrong word, and write the correct word in the margin.

**Letter reversed.** Underline the letter reversed, or, as it is called, "turnol," and make the following sign in the margin, *o*.

**New paragraph.** Place a square bracket, [, or a crochet, ], before the word which is to commence the new paragraph, and place a similar mark in the margin or write the words "new par."

**Connecting paragraphs.** Make a curved line from the last word in the first paragraph to the first word in the next paragraph, and write in the margin "run on."

**Words in wrong position.** Put a circle round the word or words which are not in correct position, and make a line from the circle to the required position, indicating the same by a caret.

**Uneven line.** Place a short line above and below the letter or words which are uneven and mark the margin thus, -

**Bad Letters.** Place a horizontal line above and

below them, or each of them, and make a cross in the margin.

**Wrong font.** If the wrong type has been used, either in size or style, draw a horizontal line under the letter or word, as the case may be, and write in the margin "w f."

**Set.** Sometimes in correcting proofs a word or letter is accidentally truck out. If it is desired to retain it, place dots under it and write the word "set" in the margin.

If there are inequalities of space between words in any particular line, put the mark *λ* at the space referred to and write in the margin "eq."

The example on page 1276 shows a proof in its rough state together with the various marks of correction, and the whole passage is then given in its proper form.

**PROPERTY.**—This word is used to denote the absolute right which a person possesses as to a particular thing—the power to deal with it exactly as he likes, except in so far as the law places any restriction upon him. The essentials of property are the rights "to use, to abuse, and to destroy."

No person can divest himself of property in a thing except by some special act on his own part. Unless he does something to show that he relinquishes his rights, the property remains in him, or in his successors, for all time. And if, by chance or otherwise, the thing goes out of his possession against his will, he can always claim it again, unless, perchance, a claim of sale in market overt (*q.v.*) is able to be sustained against him.

Property must be carefully distinguished from possession (*q.v.*), with which it is often confused.

**PROPERTY ACCOUNTS.**—This is a term which is used in book-keeping to denote the names of the accounts which deal with different kinds of goods, such as tea, coffee, sugar, bills, &c.

**PROPERTY DIVISIBLE AMONGST CREDITORS** (and see PROPERTY NOT DIVISIBLE AMONGST CREDITORS REPUTED OWNERSHIP)—(a) *Generally.* As the object of the bankruptcy court is to divide the property of an insolvent person equally amongst his creditors, it is obvious that that "property" must be ascertained and vested in the trustee. The property divisible is strictly defined. It includes—

(1) All such property as may belong to or may be vested in the bankrupt at the commencement of the bankruptcy, or may be acquired by or devolve on him before his discharge; and

(2) The capacity to exercise and to take proceedings for exercising all such powers in or over or in respect of property as might have been exercised by the bankrupt for his own benefit at the commencement of his bankruptcy or before his discharge, except the right of nomination to a vacant ecclesiastical benefice, and

(3) All goods being at the commencement of the bankruptcy in the possession, order, or disposition of the bankrupt etc. (See REPUTED OWNERSHIP.)

"Property" includes money, goods, things in action, land, and every description of property, whether real or personal, and whether situate in England or elsewhere; also obligations, easements, and every description of estate, interest, and profit, present or future, vested or contingent, arising out of or incident to property as above defined.

(b) *Various Forms of Property.* Having set out the definition, it is necessary to consider how far it has been narrowed or extended by the decisions of the courts. For instance, while an annuity will

generally vest in the trustee, if it was given to the bankrupt with a proviso that it was to cease if the annuitant should alien, charge, or encumber it in any manner, it comes to an end on the annuitant's insolvency. All transactions by a bankrupt after his bankruptcy with any person dealing with him *bona fide* and for value, in respect of his after-acquired property, whether with or without knowledge of his bankruptcy, are valid against the trustee. (See Bankruptcy Act, 1914, sect. 47.) Such dealings with after-acquired property must, however, be for value. Where an undischarged bankrupt insured his life and died intestate, the policy moneys were distributed amongst the next-of-kin. The trustee did not know of the policy moneys until after the distribution. It was held that he was entitled to the sums received by the next-of-kin who had given no value therefor.

It follows that the trustee must always be on the alert; for if he stands by and allows a third person to obtain property of the bankrupt, he becomes estopped from asserting his title.

(c) **Contracts requiring Personal Skill.** The benefit of a contract involving the exercise of skill by the bankrupt himself is not necessarily an asset in the bankruptcy, for its performance depends upon the bankrupt himself.

(d) **Goods in Transit.** Specific goods actually in transit may be stopped at any time before they reach the trustee in bankruptcy. If so stopped, they are not divisible in the bankruptcy.

(e) **Personal Earnings.** The creditors are entitled to the personal earnings of the bankrupt, except such part of them as is necessary for the maintenance of himself and his family. Thus the fees of a professional man come under this rule. Similarly, a house agent's commission belongs to his trustee.

(f) **Property Abroad.** All the personal estate of a bankrupt wherever situate (subject to what has already been said) passes to the trustee. All real estate at home and abroad is also vested in the trustee, but as ownership and transfer of land is governed by the law of the country where the land is situate, this provision has little effect abroad. Further, in many of the Colonies the trustee's title cannot be perfected without registration. Consequently real property in such colonies will only vest in the trustee subject to any requirements prescribed by the local law as to the conditions necessary to effect a transfer of real estate situate in the locality.

(g) **Property Intermixed with that of Bankrupt.** Where the property of the bankrupt has become intermixed with that of another person, so that it cannot be distinguished, the party who is responsible for the intermixture must bear the loss.

(h) **Property of Bankrupt Married Woman.** The separate property of a bankrupt married woman passes to her trustee in bankruptcy, and now if she possesses property which she is restrained from anticipating (*q.v.*), this may be taken upon an application being made to the court.

(i) **Property of Bankrupt's Wife.** Property settled to the separate use of a wife does not pass to the trustee. Where a husband has made a gift to his wife, he becomes trustee of it for her as her separate property.

(j) **Rights of Action.** Personal rights of action for torts, *e.g.*, for trespass to the person, libel, and slander, seduction of child or servant, and for breaches of contract which are wholly personal to the bankrupt (*e.g.*, breach of promise of marriage)

do not pass to the trustee; but where a right of action is in part personal and in part connected with the estate of the bankrupt it will be severed. A right of action for breach of contract (as where, for instance, the bankrupt alleges that he has been wrongfully dismissed) will vest in the trustee if there was a breach before the bankruptcy. The following emoluments may be attached by a trustee in bankruptcy: The pension of a retired judge of a Crown Colony, the retired pay of an officer who remains in the Army Reserve; the pay of a commercial traveller engaged at £100 a year, payable weekly; the salary of an actor, or the income of a surgeon-dentist carrying on business in partnership. But the prospective earnings of a professional man or the wages of a collier cannot be attached. If an order attaching any pay is made under the Section, it is put an end to by an order of discharge, unless expressly excepted.

(k) **Salary or Income.** Income, pay, salary, or pension of a bankrupt may in general be devoted in whole or in part to the payment of his creditors. If he is in the Government service, however, no order vesting any part of his pay or salary in the trustee can be made without the consent of the chief officer of his department. (See REALISATION OF PROPERTY.) If a bankrupt is receiving pay from the Crown, the court can only direct a portion of that pay to be handed to the trustee with the consent of, and to the extent agreed to by, the chief officer of the particular Government department where the bankrupt is employed. Where, however, the bankrupt has a pension from the Crown, or is in receipt of any salary or income in any employment, the court has unfettered discretion as to the allocation of all or part of that salary or income to the trustee for the benefit of the creditors. "Pay or salary" does not extend to a mere voluntary allowance.

Where a bankrupt is a clergyman, the profits of a benefice may be sequestrated by the trustee. Such a sequestration has priority over any other sequestration issued after the bankruptcy in respect of a debt provable in the bankruptcy, except a sequestration issued before the date of the receiving order by a person who had no notice of any available act of bankruptcy. The sequestrator must, however, pay such stipend to the bankrupt as the bishop shall think proper. Such stipend must not exceed that which the bishop might appoint to a curate duly licensed to serve the benefice in case the bankrupt had been non-resident. He must also pay out of the profits of the benefice the salary payable to any curate in respect of his duties performed by him as such during the four months before the receiving order, not exceeding £50.

**PROPERTY NOT DIVISIBLE AMONGST CREDITORS** (and see PROPERTY DIVISIBLE AMONGST CREDITORS).—Broadly speaking, all property vested in a bankrupt is divisible amongst his creditors. Thus, his house, lands, stock-in-trade, book debts, and stocks and shares all become vested in the trustee. Two species of property, however, are not divisible, *e.g.* (a) property held by him on trust for any other person; and (b) the tools (if any) of his trade, and the necessary wearing apparel and bedding of himself and his wife and children, to a value, inclusive of tools and apparel and bedding, not exceeding £20 in the whole. The rule which excepts trust property from the operation of a receiving order rests on this: that it is property of which the bankrupt is and has been

the beneficial owner. For instance, if a man trustee under a marriage settlement, he is the legal owner of the property concerned, but the *cestui que trust* enjoys the income. Consequently the corpus ought not to be available for the creditors of the trustee.

Where, however, a person holds property on trust for himself and others, the beneficial interest which he himself has in that property does pass to his trustee.

Again, if a man sells trust property, the money he receives, if it can be earmarked, may be followed by the beneficiary and rescued from the hands of the trustee in bankruptcy. If it is paid into the bankrupt's banking account, the beneficiary has a charge on so much of that account as will be sufficient to satisfy his claim. Similarly, if trust property is disposed of by a trustee, the proceeds resulting from the disposition may be followed and claimed by the beneficiary. If a man has paid trust money into his own banking account, and has subsequently drawn money out of that account, the person entitled as a beneficiary remains entitled to make a claim on the account, inasmuch as the rule attributing the first drawings out to the first payments in does not apply.

Where a factor or other mercantile agent who is entrusted with goods becomes bankrupt, the goods of which he is in possession do not pass to his trustee, inasmuch as they are property which he holds in trust for his principal. A factor, however, has a general lien on property held by him for warehousing charges and the like, and the right to assert that lien vests in his trustee in bankruptcy.

Even if a factor sells goods, the price which he receives is held by him in trust for his principal, and does not pass to the trustee in his bankruptcy.

If there is a contract by a man to hold specific property or a specific debt in trust, it operates as an assignment in equity without notice to the agent, debtor, or trustee for the bankrupt, and the trustee cannot claim it, unless the contract is a fraud on the bankruptcy law. As to property which the bankrupt holds, but in respect of which he has made a declaration of trust, this may amount to a valid trust; but if it is in writing the document is a bill of sale, and is, unless registered, void against the trustee in bankruptcy.

Questions of some difficulty arise in relation to bills of exchange and promissory notes.

In the case of a banker, if bills are remitted to him by way of discount, they vest in the trustee on the banker's bankruptcy. Where, however, a man places in his banker's hands bills which are not yet due, they remain the property of the party paying them, etc., and do not, therefore, pass to the trustee in bankruptcy or of the banker. Again, if a customer places debenture bonds with his banker for collection as and when they fall due, the bonds do not pass to the trustee on the bank's stopping payment.

With regard to goods, etc., held by the bankrupt in the course of his business as agent for sale, if these can be distinguished from the mass of the bankrupt's property, they will not pass to his trustee.

If a bankrupt factor sells goods for which the price is not yet paid, and for the price of which bills are given, neither the right to recover the price nor the bills would pass to the trustee; but if the bankrupt factor receives the price of goods sold to

him, his principal must prove for the amount *pari passu* with the other creditors.

In conclusion, it may be mentioned that the court is always reluctant to seize trust money, and will always protect it if possible.

**PROPERTY TAX.** The popular name given to that part of the income tax which is levied upon property in lands and buildings. (See **TAXATION**.)

**PROPRIETARY COMPANY.**—This is, generally speaking, a parent company which owns a quantity of land suitable for mining or other purposes, which is let out or sold in various portions to other public companies. Usually there are no bondholders or preference shareholders, but all the members have a joint ownership in the land, and the profits, or a part of them, are equally divided amongst the members.

**PRO RATA.**—Latin, "at a certain rate."

**PROSECUTOR, PUBLIC.**—(See **PUBLIC PROSECUTOR**.)

**PROSPECTUS.**—Every person who takes the slightest interest in joint stock companies is aware that in order to obtain the capital required to carry on the concern, unless the company is a private one, a great initial effort has to be made to secure contributions for the public to take part in the proposed venture. If the company is to be a small company, i.e., if the capital necessary for its proper working is small in amount, it may not be necessary to make elaborate preparations for circulating wholesale, but sufficient people may be induced to come in on personal recommendation. But where the capital is to be of considerable dimensions, sometimes running into hundreds of thousands of pounds, private enterprise is of small value. The public must be approached by other means, and the most usual way of getting at them is by what is called a prospectus.

**Definition.** The prospectus of a joint stock company has been described as the document put forward by the persons who are interested in the company in order to induce persons to take shares or otherwise to assist the company in raising the capital or the money necessary for it to commence or to carry on its business. By sect. 285 of the Companies (Consolidation) Act, 1908, it is defined as "any prospectus, notice, circular, advertisement, or other invitation offering to the public for subscription or purchase any shares or debentures of a company." There are added words to the effect that this definition applies unless the context otherwise requires. At first sight this definition would appear to exclude the case of a company offering its shares or debentures to a limited class of persons, e.g., to the members of a particular company. But this cannot be stated with certainty, owing to the words of Section 81, Sub-section 7 (*infra*), and no reliance should be placed upon a view of this kind.

For many years after the passing of the Companies Act, 1862—the first of the Acts relating to modern joint stock companies—there were not many statutory requirements in existence as to the prospectuses which had to be issued. In process of time, however, great and drastic changes were introduced, especially by certain sections of the Companies Acts of 1900 and 1907, and these sections have now been reproduced, more or less in their original form, by Sections 80-84 of the Companies (Consolidation) Act, 1908, which has repealed all the former Acts.

**Statutory Requirements.** Since it is essential

to the student of Company Law that he should be in possession of the actual statutory requirements concerning prospectuses, it has been thought advisable that the five sections referred to should be set out in full, and then it will be easier to follow the remarks made about them in the succeeding pages. The sections are as follows—

"80—(1) Every prospectus issued by or on behalf of a company or in relation to any intended company shall be dated, and that date shall, unless the contrary be proved, be taken as the date of publication of the prospectus.

"(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorised in writing, shall be filed for registration with the registrar of companies on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so filed for registration.

"(3) The registrar shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

"(4) Every prospectus shall state on the face of it that a copy has been filed for registration as required by this section.

"(5) If a prospectus is issued without a copy thereof being so filed, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding five pounds for every day from the date of the issue of the prospectus until a copy thereof is so filed.

"81—(1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, must state—

"(a) the contents of the memorandum, with the names, descriptions, and addresses of the signatories, and the number of shares subscribed for by them respectively, and the number of founders' or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company; and

"(b) the number of shares, if any, fixed by the articles as the qualification of a director, and any provisions in the articles as to the remuneration of the directors; and

"(c) the names, descriptions, and addresses of the directors or proposed directors; and

"(d) the minimum subscription or which the directors may proceed to allotment, and the amount payable on application and allotment on each share, and in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment made within the two preceding years, and the amount actually allotted, and the amount, if any, paid on the shares so allotted; and

"(e) the number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued; and

"(f) the names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased

or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares, or debentures, to the vendor, and where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor: Provided that where the vendors or any of them are a firm the members of the firm shall not be treated as separate vendors; and

"(g) the amount (if any) paid or payable as purchase money in cash, shares, or debentures, for any such property as aforesaid, specifying the amount (if any) payable for goodwill; and

"(h) the amount (if any) paid within the two preceding years, or payable, as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the company, or the rate of any such commission: Provided that it shall not be necessary to state the commission payable to sub-underwriters and

"(i) the amount or estimated amount of preliminary expenses; and

"(j) the amount paid within the two preceding years or intended to be paid to any promoter, and the consideration for any such payment; and

"(k) the dates of and parties to every material contract, and a reasonable time and place at which any material contract or a copy thereof may be inspected: Provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company, or to any contract entered into more than two years before the date of issue of the prospectus; and

"(l) the names and addresses of the auditors (if any) of the company; and

"(m) full particulars of the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be acquired by, the company, or where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company; and

"(n) where the company is a company having shares of more than one class, the right of voting at meetings of the company conferred by the several classes of shares respectively.

"(2) For the purposes of this section every person shall be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—

"(a) the purchase money is not fully paid at the date of issue of the prospectus; or

"(b) the purchase money is to be paid or

satisfied, money is in part out of the proceeds of the issue offered for subscription by the prospectus, or

"(c) the contract depends for its validity or fulfilment on the result of that issue

"(3) Where any of the property to be acquired by the company is to be taken on lease, this section shall apply as if the expression "vendor" included the lessor, and the expression "purchase money" included the consideration for the lease, and the expression "sub-purchaser" included a sub-lessee

"(4) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void

"(5) Where any such prospectus as is mentioned in this section is published as a newspaper advertisement, it shall not be necessary in the advertisement to specify the contents of the memorandum or the signatories thereto, and the number of shares subscribed for by them

"(6) In the event of non-compliance with any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance, if he proves that—

"(a) as regards any matter not disclosed, he was not cognizant thereof; or

"(b) the non-compliance arose from an honest mistake of fact on his part:

"Provided that in the event of non-compliance with the requirements contained in paragraph (m) of sub-section (1) of this section no director or other person shall incur any liability in respect of the non-compliance unless it be proved that he had knowledge of the matters not disclosed

"(7) This section shall not apply to a circular or notice inviting existing members or debenture holders of a company to subscribe either for shares or for debentures of the company, whether with or without the right to renounce in favour of other persons, but subject as aforesaid, this section shall apply to any prospectus whether issued on or with reference to the formation of a company or subsequently

"(8) The requirements of this section as to the memorandum and the qualification, remuneration, and interest of directors, the names, descriptions, and addresses of directors or proposed directors, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a prospectus issued more than one year after the date at which the company is entitled to commence business

"(9) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Act apart from this section

"82—(1) A company which does not issue a prospectus on or with reference to its formation, shall not allot any of its shares or debentures unless before the first allotment of either shares or debentures there has been filed with the registrar of companies a statement in lieu of prospectus signed by every person who is named therein as a director or a proposed director of the company, or by his agent authorised in writing, in the form and containing the particulars set out in the Second Schedule to this Act.

"(2) This section shall not apply to a private company or to a company which has allotted any shares or debentures before the first day of July, nineteen hundred and eight

"83 A company shall not previously to the statutory meeting vary the terms of a contract referred to in the prospectus or statement in lieu of prospectus, except subject to the approval of the statutory meeting

"84. (1) Where a prospectus invites persons to subscribe for shares in or debentures of a company, every person who is a director of the company at the time of the issue of the prospectus, and every person who has authorised the naming of him and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time and every promoter of the company, and every person who has authorised the issue of the prospectus, shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved—

"(a) With respect to every untrue statement not purporting to be made on the authority of an expert, or of a public official document or statement, that he had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures as the case may be, believe, that the statement was true, and

"(b) With respect to every untrue statement purporting to be a statement by or contained in what purports to be a copy of or extract from a report or valuation of an expert, that it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation: Provided that the director, person named as director, promoter, or person who authorised the issue of the prospectus, shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making the statement, report, or valuation was competent to make it, and

"(c) With respect to every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy or extract from a public official document, that it was a correct and fair representation of the statement or copy or extract from the document:

or unless it is proved—

"(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent, or

"(ii) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent, or

"(iii) that after the issue of prospectus and before allotment thereunder, he on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable



public notice of the withdrawal, and of the reason therefor.

"(2) Where a company existing on the eighteenth day of August one thousand eight hundred and ninety, has issued shares or debentures, and for the purpose of obtaining further capital by subscriptions for shares or debentures issues a prospectus, a director shall not be liable in respect of any statement therein, unless he has authorised the issue of the prospectus, or has adopted or ratified it.

"(3) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorised or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorised the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any action or legal proceedings brought against him in respect thereof.

"(4) Every person who by reason of his being a director, or named as a director or as having agreed to become a director, or of his having authorised the issue of the prospectus, becomes

liable to make any payment under this section may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

"(5) For the purposes of this section—

"The expression 'promoter' means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company;

"The expression 'expert' includes engineer, valuer, accountant, and any other person whose profession gives authority to a statement made by him."

**Statement in lieu of Prospectus.** Every company must now issue a prospectus before allotting its shares or its debentures, unless it contents itself with the statement in lieu of a prospectus, which is now permitted by the Act of 1908. The only exceptions to the issue of a prospectus, or a statement in lieu of a prospectus, are in the case of private companies (*qv*) and companies which have allotted any shares or debentures before the 1st July, 1908.

The form of statement in lieu of a prospectus, as given in the second schedule of the Companies (Consolidation) Act, 1908, is as follows—

#### THE COMPANIES ACTS, 1908 TO 1917.

##### STATEMENT IN LIEU OF PROSPECTUS.

filed by

LIMITED.

pursuant to section eighty-two of the Companies (Consolidation) Act, 1908

Presented for filing by

#### THE COMPANIES ACTS, 1908 TO 1917.

LIMITED.

##### STATEMENT IN LIEU OF PROSPECTUS.

|   |                   |
|---|-------------------|
| The nominal share capital of the company  | £                 |
| Divided into  | Shares of £ each. |
| "   | " " " " " "       |
| "   | " " " " " "       |
| Names, descriptions, and addresses of directors or proposed directors.  |                   |
| Minimum subscription (if any) fixed by the memorandum or articles of association on which the company may proceed to allotment. |                   |

[PRO]

## AND DICTIONARY OF COMMERCE

[PRO]

## STATEMENT IN LIEU OF PROSPECTUS—continued.

|   |  |  |
|---|--|--|
| Number and amount of shares and debentures agreed to be issued as fully or partly paid-up otherwise than in cash  | 1. shares of £ fully paid.   | (4) For definition of vendor, see Section 81 (2) of the Companies (Consolidation) Act, 1908.<br>(5) See Section 81 (3) of the Companies (Consolidation) Act, 1908. |
| The consideration for the intended issue of those shares and debentures   | 2. shares upon which £ per share credited as paid.   |  |
|   | 3. debenture £   |  |
|   | 4. Consideration £   |  |
| Names and addresses of (a) vendors of property purchased or acquired, or proposed to be (b) purchased or acquired by the company  |  |  |
| Amount (in cash, shares, or debentures) payable to each separate vendor.  |  |  |
| Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any) paid or payable for goodwill  | Total purchase price £<br>Cash .. .. £<br>Shares .. .. £<br>Debentures .. .. £<br>Goodwill .. .. £ |  |
| Amount (if any) paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company, or Rate of the commission .. .. .   | Amount paid .. ..<br>.. payable .. ..<br>Rate per cent .. ..                                       |  |
| Estimated amount of preliminary expenses  | £  |  |
| Amount paid or intended to be paid to any promoter  | Name of promoter   |  |
| Consideration for the payment   | Amount £<br>Consideration:—  |  |
| Dates of, and parties to, every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the company or entered into more than two years before the filing of this statement).  |  |  |
| Time and place at which the contracts or copies thereof may be inspected  |  |  |
| Names and addresses of the auditors of the company (if any).  |  |  |
| Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company, or, where the interest of such director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm, in cash or shares, or otherwise, by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company |  |  |
| Whether the articles contain any provisions excluding holders of shares or debentures receiving and inspecting balance sheets or reports of the auditors or other reports   | Nature of the provisions .. ..   |  |
| (Signature of the persons above named as directors or proposed directors, or of their agents authorised in writing.)  |  |  |

**Prospectus as Basis of Contract.** As the prospectus is, generally speaking, the basis of the contract entered into to take shares, the greatest care is required in its preparation, and every detail connected with it should be examined and discussed most minutely. The inset gives an illustration of what a prospectus is like in a general way. But a proper and adequate acquaintance with the nature of the document now under consideration cannot be fully obtained without an examination of and a comparison made between the various prospectuses issued by different companies. This matter presents not the slightest difficulty. The leading newspapers are flooded with prospectuses, and information is given from what quarters copies may be obtained. It is always advisable to obtain a true and proper copy, for although some of the advertisements are fully worded, it is to be recollected that in the majority of cases the prospectuses thus given are in a very abridged form; in fact, it would not be an easy defence for any person to set up that he had relied upon the prospectus of a company as contained in a newspaper, if he was anxious to rescind any contract he had entered into to take shares on the ground of misrepresentation.

**Form of Prospectus.** In the vast majority of cases the prospectus begins by giving the names of all the principal officials who are to be connected with it—the directors, the bankers, the brokers, the auditors, the solicitors, etc. Then follows the announcement of the capital which is required to be raised by the company, either as shares, debentures, or debenture stock. The next intimation is a short summary of the objects for which the company has been established, and a more or less elaborate estimate of the prospects of the venture. The particulars are afterwards set out according to the statutory requirements, and also all the other varied matters which are essential, e.g., the manner in which the intending shareholders are to apply for shares, etc.

It will be noticed that at the head of the prospectus there are two intimations made, the first as to the fact that the prospectus has been filed with the registrar of joint stock companies, and the second as to whether any of the capital has or has not been underwritten. The question of underwriting is dealt with under a separate heading (See UNDERWRITING). As to the former this is important, because a copy of the prospectus must be filed with the registrar on or before the date of publication.

**Preparation and Filing of Prospectus.** The prospectus is generally issued at the time of or immediately after the registration of the company. It is very frequently prepared by the promoter or promoters (*qv*). It must be dated, and the date is *prima facie* to be taken as the date of publication. A copy must be signed by every person named in it as a director or proposed director (or by his duly authorised agent, the authority being given in writing), and, as already stated, it must be filed with the registrar on or before the date of publication. It will be seen, therefore, that a prospectus cannot be ante-dated, though it may be post-dated. The registrar cannot register a prospectus unless it is dated and signed, and no prospectus can be issued until it has been filed for registration. In addition to this, every prospectus must state on its face that a copy has been filed in accordance with the terms of the section. Any

failure to carry out these provisions renders any person who is responsible for such failure liable to a fine not exceeding £5 for every day from the date of the issue of the prospectus until a copy is filed. Two copies of the prospectus should be prepared, and each of them signed. One is required, as stated above, for filing; the other should be carefully retained by the company. There will then be an authoritative record preserved of the terms upon which subscriptions have been invited from the public, and of the persons who are responsible for the statements contained in the prospectus. It has been stated that the prospectus is generally issued at the time of, or immediately after, the registration. There is no statutory enactment which forbids its filing and issue before registration, but seeing that a copy of the memorandum of association must be attached to the prospectus, such a practice leads to difficulties and is not to be recommended.

**Rules to be Observed.** It is most essential that all persons who are in any way concerned with the issue of a prospectus should carefully bear in mind all the statutory enactments which are connected with its framing, for it is to be recollected that those who are responsible for the issue are liable to be mulcted in damages if the prospectus contains any false representations. These enactments may be said, roughly speaking, to be four in number. They are (1) Absence of misrepresentation, (2) Disclosure of all material facts; (3) Compliance with Section 81 of the Act of 1908 (*supra*), and (4) Liability under Section 84 (*supra*). It is most frequently the case that difficulties arise in respect of the first of these four. Very naturally, indeed, a promoter is anxious to give the most glowing account of his projected scheme, and his statements are very likely to be impeached if the company turns out to be a failure. It has been tersely said that the object of a promoter is to render his company as attractive as possible, whilst the legislature has devoted its attention to preventing the public being misled and defrauded. It is clear, therefore, that the line to be drawn between what is allowable and what is fraudulent must often be very fine. Of course, mere exaggeration will not of itself entitle a shareholder to repudiate his liability on his shares. No definite rules can be laid down as to the drawing up of a prospectus, but the following remarks in a leading case have sometimes been referred to as "the golden rule as to framing prospectuses." They are as follows: "Those who issue a prospectus, holding out to the public the great advantages which will accrue to persons who will take shares in a proposed undertaking, and inviting them to take shares on the faith of the representations therein contained, are bound to state everything with strict and scrupulous accuracy, and not only to abstain from stating as a fact that which is not so, but to omit no one fact within their knowledge, the existence of which might in any degree affect the nature and extent or quality of the privileges and advantages which the prospectus holds out as an inducement to take shares." And again, these remarks made in the course of a judgment in another case are worthy of consideration. Speaking of a prospectus it was said, "Its object is to induce persons to contribute their money for the purposes of the enterprise, and with that intent the prospectus is advertised and circulated by the persons who have conceived and projected its formation, and by whom

the prospectus has been edited. It is obvious that such a document ought to be expressed with perfect veracity, and issued in good faith, and the suppression or withholding the statement of any facts materially relevant would be as plain a failure of that perfect veracity, and as plain a departure from good faith, as the assertion of a positive falsehood. To sanction a to permit any violation or neglect of these essential conditions would be to encourage proceedings which might soon prove intolerable, and would expose that numerous class of persons who are but too willing to invest their money in undertakings which seem to hold out a fair prospect of reasonable and honest profit to the arts of projectors desirous of taking advantage of their credulity. The courts of law have, therefore, without hesitation, denounced the practice of issuing prospectuses which are untrue, and have declared the contract into which shareholders have entered in reliance upon the truth of such representations to be null and void in case they turned out to be untrue, or delusive, or deficient in any of the conditions essential to the formation of binding engagement. The effect of misrepresentations contained in the prospectus, and the liability of the parties concerned for such misrepresentations will be noticed at a later stage. What it is here necessary to make clear is the necessity of truthfulness, no matter how glowing may be the promises put forward by the promoters.

**Contents of Prospectus.** It was stated above that the contents of a prospectus did not obtain much notice on the part of the legislature from the passing of the Companies Act, 1862, until the Companies Act, 1900, became law. By this latter Act, special provision was made as to this matter, in the case of every prospectus issued after the 1st January, 1901—when the Act of 1900 came into force—and the Act of 1900 was supplemented in various details by the Companies Act, 1907. Both these Acts have been repealed, but the essential enactments contained in them have been transferred to Section 81 of the Companies (Consolidation) Act, 1908. Every word of this section should be most carefully studied, and it is for that reason, amongst others, that it has been set out above. (During the period of the Great War there were special restrictions imposed as to the raising of fresh capital. It is unnecessary here to do more than make a reference to them. Full particulars can be obtained from the Treasury.) The first sub-section deals specially with all the facts that must be stated, and this portion of the Act should be known perfectly by anyone who is connected with company work. A few words must be devoted to the disclosure of material contracts. The prospectus must state, "The dates of and the parties to every material contract, and a reasonable time and place at which any material contract or a copy thereof may be inspected; provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on by the company, or intended to be carried on by the company, or to any contract entered into more than two years before the date of issue of the prospectus." This part of the section cannot fail to cause difficulties, as the Act does not contain a definition of a material contract. The object of a promoter has always been to disclose as little as possible, lest he might be doing anything to his detriment. On the other hand it has been the desire of the

legislature to constrain those who promote companies to disclose their schemes, and to compel them to acquaint the public with what negotiations were going on during the early stages of the promotion. Otherwise a shareholder might have found himself saddled with enormous liabilities upon joining a company, although, as will be explained more fully afterwards, the extent of his possible losses would be known from the outset. At first, when the Act of 1862 was passed, there was nothing to rely upon except the good faith of the directors. This was quickly proved to be an inadequate protection, and the Companies Act, 1867, was passed to remedy the defect. Its best known section is Section 38, which made it incumbent that the dates and the names of the parties to any contract entered into by the company, or by the promoters or directors should be stated in the prospectus. In default, the prospectus was deemed to be fraudulent. This section gave rise to much litigation, as it was not always easy to discover what were the exact contracts which should have been disclosed. Although this section was repealed by the Companies Act, 1900, it still governs those companies which were incorporated prior to the 1st January, 1901, and it cannot be said, therefore, that its effect is yet exhausted. For that reason the section is here set out in full.

"Every prospectus of a company, and every notice inviting persons to subscribe for shares in any joint stock company, shall specify the dates and the names of the parties to any contract entered into by the company or the promoters, directors, or trustees thereof, before the issue of such prospectus or notice, whether subject to adoption by the directors or the company, or otherwise, and any prospectus or notice not specifying the same shall be deemed fraudulent on the part of the promoters, directors, and officers of the company knowingly issuing the same, as regards any person taking shares in the company on the faith of such prospectus, unless he shall have notice of such contract."

It will be seen that the wording of the section is such that no right of action is given against the company, but only against those persons who were actively engaged in its promotion, and who deliberately and knowingly allowed and sanctioned the issue of a prospectus in which no mention was made of material contracts which should have been disclosed. Consequently no shareholder has a right under this section to repudiate the shares which he has taken. Also, the proof that a prospectus containing false statements has been knowingly put forward and that its publication has been authorised at all is upon the person aggrieved. Upon him rests the burden of proof (*q.v.*). And it is not to be supposed that the mere showing of the fact that a contract entered into by the parties has not been disclosed will be sufficient to entitle a shareholder to damages. He must further make out, (a) That the contract which was not disclosed was a "material" one, (b) That he has suffered damage through its non-disclosure, and (c) That he would not have been led into becoming a shareholder if such contract had been disclosed.

**Waiver clause.** The indefinite position taken up by the legislature soon led to an ingenious device by means of which the object of the section was neutralised. One class of promoters felt uncertain as to which contracts ought to be inserted in the prospectus, another class found

it highly inconvenient to have their dealings exposed to the light of day. It soon became the common practice to insert a "waiver clause" in the prospectus, and also into the form of application for shares by which the applicant agreed to waive any claim he might have owing to non-compliance with the section. But the waiver clause must be honestly constructed and inserted in the prospectus in such a manner that an intending shareholder has his attention drawn to it. If the clause is in any way tricky it will be of no avail. Thus in one case, a prospectus stated that "there may be contracts which perhaps ought to be referred to, but . . . any subscriber shall be deemed to have waived all rights to further particulars of these contracts." The above notice was printed in small type, and was in such a position that it might easily escape the attention of the ordinary individual. It was held that the waiver clause as set out was tricky and fraudulent, and therefore void. "A waiver clause may well be invoked to protect honest men who have been led into error through a slip, but it is never to be used as an aid to deceit and trickery."

It has been stated above that Section 38 of the Act of 1867 was repealed in 1900, and now, by Section 81, Sub-Section 4 of the Act of 1908, "any condition requiring or binding any applicant for shares, or debentures to waive compliance with any requirement of this section, or purporting to affect him, with notice of any contract, document, or matter not specifically referred to in the prospectus shall be void."

**Penalties for Default.** In spite of the careful legislation upon the subject, there is still existing an uncertainty as to the position of various parties when the provisions of the Act as to the contents of a prospectus are not complied with. The Companies Act, 1900, did not provide any penalties, and this defect has not been remedied by the Act of 1907, nor by the Consolidation Act of 1908, which last named Act has taken the place of all previous Companies Acts. The matter awaits judicial decision. It is probable that it will be held that no valid contract to take shares can arise, and that a person who applies for shares on the faith of a prospectus which is defective according to statute law will not become a member or a contributory of the company when shares are allotted to him.

Enough has been said to show the importance and the necessity of making a full and proper disclosure of all material matters in the prospectus, and full consideration has been given to the other subjects which must be put forward, by statutory requirements, in the document before it is submitted to the public. And the reader is recommended to make a final revision of his knowledge by referring to the exact words of Section 81, which are given above.

**Misrepresentation and Fraud.** It is now necessary to consider the position occupied by the company, its directors, and its shareholders, when there has been any misrepresentation or fraud contained in the prospectus.

It has now been well established that if there is a case of fraud or of misrepresentation, and if a person has been actually induced by such fraud or misrepresentation contained in a prospectus, to take shares in a company, the remedy open to him is two-fold. The first is against the company, and the second is against the persons who are

responsible for the issue and the publication of the prospectus. But it must be carefully borne in mind, as a preliminary, that in order to succeed in any action grounded on fraud or misrepresentation it must be established (1) that the inducement to take shares was the prospectus itself, and that the shareholder relied entirely upon the statements contained therein, (2) that the matters complained of were material, and (3) that the misrepresentation was made by or on behalf of the company.

**Remedy Against the Company.** First, as to the company. If a shareholder has been induced by fraud or misrepresentation to apply for and to take shares in a company, his chief anxiety will be to get rid of his prospective liability. His claim, therefore, and his actual remedy if he is successful in his application will be a rescission of his contract to take shares, and an order to have his name struck off the register of the shareholders. In addition, he is also entitled to claim to be repaid the moneys which he has already paid to the company in respect of any shares for which he has applied or which have been allotted to him. The right to rescind is based upon the common law remedy which renders any contract induced by fraud or misrepresentation voidable at the suit of the party defrauded. And it is immaterial that the misrepresentation is made innocently. A shareholder must also bear in mind that he cannot retain his shares and seek for damages. If rescission of the contract to take shares is desired, the remedy must be sought with the utmost promptness. A delay of a few days will be fatal. It has just been pointed out that the contract is only voidable, and the retention of a name for any length of time upon the register might easily induce other persons to come in and offer to take shares.

The remedy is drastic, and unless the three preliminaries in the last paragraph but one are fulfilled there is no right of action. Again, the remedy may be lost if there is anything in the shape of ratification, i.e., if the shareholder has done anything which has showed any inclination to pass over the fraud or the misrepresentation complained of. It is in respect of ratification that difficulties most frequently arise, as no rule can be laid down as to what ratification consists in, but each case must depend upon its own peculiar circumstances. Thus, if a shareholder is in doubt as to the prospectus, and still takes no steps to assert his rights, he may be held to have waived them, and to have ratified what he might have repudiated. Prompt action is always essential, especially as delay may allow of sufficient time to elapse during which the circumstances of the company may change completely. For example, an order may be made for winding up (*q.v.*), and if this is so no proceedings for rescission can then be entertained at all, the reason being that the rights of the creditors of the company have then intervened. It is only by a careful and prolonged examination of decided cases that one can form any real idea as to what will be held to constitute ratification. The best advice, therefore, to be given to a shareholder who thinks that he has been imposed upon is this, repudiate your liability at once, and have nothing further to do with the matter. Any indulgence in correspondence, or any effort to get rid of the shares privately or in the open market, although it may at first sight appear an advantageous course to adopt, on account of the immediate monetary gain to be derived, will probably destroy the right against the company.

It is to be observed that where a contract is rescinded on the ground of fraud or misrepresentation, it is rescinded *ab initio*, i.e., the shareholder is put into such a position that he is considered never to have applied for or to have taken any shares at all. Consequently the relief as to liability which he is afforded is entire. He cannot be put upon any list of contributories (*qv*) in the case of a subsequent winding up.

**Who May Claim Rescission.** The right of rescission is *prima facie* given only to the person who has applied for and taken shares directly from the company upon the faith of the prospectus. The purchaser of shares in the open market is not generally entitled to this relief. But there are exceptions to this rule. Thus, in a case which was much criticised at the time, viz., *Andrews v. Mockford*, 1896, 1 Q B 372, it was held that where a prospectus was issued, not merely for the purpose of inviting persons to subscribe for shares, but also of inducing persons to purchase the shares of the company which were already in the open market, the office of the prospectus was not exhausted upon the allotment of the shares, and that anyone who, having received a prospectus, afterwards purchased shares in the open market, relying upon the false representations contained in the prospectus, had a cause of action against the promoters for the fraudulent misrepresentation. But, of course, if the purchaser of shares did not, in fact, rely upon the false statements complained of, but was induced to buy for other reasons, no action would lie. This has been sufficiently referred to already. Moreover, when an action is instituted for rescission, and this form of action can only be against the company, the plaintiff must take care to ascertain that the company is in reality responsible for the prospectus even by itself or through its authorised agents. It does not follow necessarily that every prospectus is issued by a company; it may be put forward by the promoters without the company's sanction. But if the company is once incorporated and the directors act in the matter, it will be held responsible, and the same will be the case if the prospectus is in any way ratified by the company.

**Kinds of Misrepresentation.** It is very difficult to say what does exactly amount to misrepresentation in a prospectus, which representation is of such a character as to entitle a shareholder to relief. There are many decided cases in which the matter has been discussed, and it would be impossible to give even a summary of the principal of them here. The misrepresentation must be "material," and must refer to an existing fact. Also, it must not be of a mere trifling character. And moreover the statement complained of in the prospectus must not refer to something which is to be done in the future. Hopes may be indulged in which are of the wildest character, but to put them forward as expectations is not a fraudulent act. In this respect there is a close analogy between misrepresentation and false pretences (*qv*). "The misrepresentation must be of facts, and these facts must be set out in the prospectus as being true, whereas in reality they are false. It is in connection with companies of a highly speculative nature, such as mining companies in distant lands, that a difficulty arises as to whether a right of action exists or not. There is no harm in giving glowing accounts of the prospects for the future. These may, or may not, be realised. But in order to

catch the public eye, it is found necessary in the vast majority of cases to make references to reports, which are supposed to have been obtained directly for the purpose of being inserted in the prospectus. It is common knowledge how many of these reports are made up. If a company adopts the statements contained in these reports and takes upon itself the responsibility of reproducing them in the prospectus, and if the facts turn out to be incorrect, the company will be liable for misrepresentation, as it has practically stated certain things as facts which are in reality untrue. But if, on the other hand, the reports are merely referred to and the contents thereof are not adopted as facts, the company is free from liability. This is very clearly shown by the following passage contained in the judgment of a leading case: "Where men issue a prospectus in which they make statements of the contracts made for the formation of the company, and then state that the contracts may be inspected at the office of the solicitors, it has always been held that those who accepted these false statements as true were not deprived of their remedy merely because they neglected to go and look at the contracts." People must not be put off their guard, otherwise the door would be open to misrepresentation and fraud of the very worst kind. At the same time, however, the court cannot be expected to relieve intending shareholders of every bit of the responsibility. There is no doubt that relief will be accorded to persons who have been deceived by false representations; but in its anxiety to correct fraud, the law will not go so far as to enable persons who have joined with others in speculations "to convert their speculations into certainties at the expense of those with whom they have joined."

The following examples show what have been held to constitute misrepresentation, though they are far from exhaustive: Concealment of facts, statements of an ambiguous character, misstatements of law, misstatements as to capital, misstatements as to properties acquired, and misstatements as to contracts entered into.

**Action for Deceit.** So far the shareholder's remedy against the company has been exclusively considered. In pursuing this remedy, however, a shareholder will be well advised to consider whether he can obtain sufficient satisfaction this way, or whether he may not be better off if he chooses his alternative remedy, viz., his right of action for damages for fraud or misrepresentation made in the prospectus against any promoter or director who is responsible for the contents of the prospectus. This is the common law action for deceit (*qv*). In order to maintain such an action, the shareholder must show that he has been damaged by the action of the person or persons against whom he proceeds and whom he desires to hold responsible. The action in any case is one which it is difficult to maintain, as the plaintiff must prove that the misrepresentation was made with fraudulent intent, and that the misrepresentation complained of was the cause which induced him to act to his own prejudice. This will be seen by a reference to the article **DECEIT**. Moreover, the misrepresentation relied upon must be contained in the prospectus itself, for no action will lie, since the passing of Lord Tenterden's Act (9 Geo IV c. 14), unless the misrepresentation is made in writing and signed by the person making it. The difficulty is clearly shown by the decision in *Derry v. Peck*, 1889, 14 App. Cas. 337, which has

now taken the place of a leading case on the question of liability for fraud and misrepresentation, so far as the position of liability of the parties proceeded against is concerned. The facts of this case were extremely interesting, though space does not permit of their being given except in outline. They were as follows: The directors of a tramway company had stated in their prospectus that they had a right to use steam power in the working of their carriages. In point of fact the right to use steam power was subject to the sanction of the Board of Trade, which the directors honestly believed that they would be able to obtain. The permission was not given. It was held that as the statement in the prospectus was made honestly in the belief that it was true, there was no fraud, and consequently the plaintiff failed in his action for deceit. The learned and exhaustive judgment of the late Lord Herschell is worthy of the most careful study. It was there pointed out that a director cannot be held liable in damages for false statements in a prospectus if he honestly believed them to be true, even if he had no reasonable ground for his belief. No action for deceit can be maintained unless it is shown that the party making the statement had full knowledge that it was untrue, or made without any belief in its truth, or recklessly, not caring whether it was true or false. And the proof of these matters always rests upon the plaintiff.

**Directors' Liability Act.** The serious position of shareholders who had been damaged by misrepresentations in a prospectus was quickly remedied by the passing of the Directors' Liability Act, 1890 (53 and 54 Vict. c. 61). If a charge of fraudulent misrepresentation is now made against directors, it is not for the plaintiff who has been damaged to prove that the directors had no ground for believing in the truth of the statements made in the prospectus, whereas they are, in fact, false, but for the directors to show that they had good grounds for making them. Promoters of a company, and persons who have taken any part in the issue of the prospectus of a company, are in the same position as directors, but the law remains as it was laid down in *Derry v. Peck* so far as other persons are concerned. The important sections of the Directors' Liability Act, as well as the section of the Act of 1907, which refers to the same matter, are now repealed and reproduced in Section 84 of the Act of 1908. To this section reference should be made. (See also DIRECTORS.)

**Effect of Section.** The effect of sect. 84, which refers to every prospectus issued since the year 1890, the date of the passing of the Directors' Liability Act, is very far reaching. The first thing to do is to fix the responsibility for the issue of the prospectus upon some person or persons. Then if there is evidence of this, and also of the fraud or misrepresentation contained in the prospectus, it is extremely difficult for a director or a promoter to escape liability. The defences open to a promoter or a director are set out in the section. Notice must be given of a withdrawal from responsibility. What kind of notice is not quite clear. But if a director or a promoter wishes to make himself as secure as possible when he has become acquainted with the fact that allegations of fraud or misrepresentation are being made as to the prospectus, he should not be content with anything less than a public advertisement.

In any action taken by a shareholder he will be compelled to give the fullest particulars as to the

charges of fraud or misrepresentation upon which he intends to rely. This is, of course, only fair to the defendants. They must know what case they have to meet, so that they may be able to adduce the evidence which will assist them in resisting the claim of the plaintiff, if there is any real defence to the action.

**Contribution.** An action founded in fraud or misrepresentation is an action in tort, and it is a rule of law that where two or more parties are held liable, there is no right of contribution amongst these parties themselves. Thus, if A, B, and C are sued jointly in tort and judgment is signed against them for, say, £1,000, the plaintiff can issue execution on his judgment against any one of the parties, e.g., A, and perhaps obtain full satisfaction. But if A has had to pay in this manner, he has no right to proceed against B and C, and to make them pay a share of the loss which he has sustained. And also if one of several parties only is sued and damned, he cannot recover any of the damages in which he is mulcted from the other persons who have been equally guilty of the tort with himself. The rule would be the same in the case of misrepresentations contained in a prospectus, were it not for the special provision of sub-section 4 of Section 84, which reproduces the effect of similar provisions contained in the Acts of 1890 and 1907. When, therefore, two or more promoters join in issuing a prospectus, knowing that it contains untrue statements, and damages are recovered against one of them, the person who has been mulcted is entitled to recover a portion of the damages which he has been compelled to pay from his fellow promoter or promoters. But no promoter can be held liable to make contributions unless it is shown that he has been himself guilty of the fraudulent misrepresentation, and the court has special power to grant relief in respect of particular matters, under Section 279 of the Act of 1908, which runs as follows—

"If in any proceeding against a director, or person occupying the position of director, of a company for negligence or breach of trust it appears to the court hearing the case that the director or person is or may be liable in respect of the negligence or breach of trust, but has acted honestly and reasonably, and ought fairly to be excused for the negligence or breach of trust, that court may relieve him, either wholly or partly, from his liability on such terms as the court may think proper."

**Limitation of Action.** An action may be brought within a period of six years from the time when the plaintiff has suffered damage from the fraud or misrepresentation contained in a prospectus. It must, however, be brought during the lifetime of the persons against whom damages are sought. The legal maxim is *actio personalis moritur cum persona* (q.v.), and the estate of a deceased defendant cannot be attacked, generally speaking, in any case of tort, unless it is quite clear that his estate has actually benefited by reason of the fraud.

**Measure of Damages.** The measure of damages in cases of misrepresentation was discussed in a case tried in 1903. In the course of the judgment, the action being one for damages for misrepresentations contained in a prospectus, it was said, "It is not an action for breach of contract, and therefore no damages in respect of prospective gains which the person contracting was entitled by his contract to expect come in, but

NO PART OF THESE SECURITIES HAS BEEN OR WILL BE UNDERWRITTEN.  
 A Copy of this Prospectus has been filed with the Registrar of Joint Stock Companies as required by the Companies (Consolidation) Act, 1908, s. 80.  
 The Subscription List will open on Wednesday, the 26th day of September, 1914, and will close on Thursday morning, the 28th day of September, 1914, for both Town and Country.

# THE MARYLEBONE HOTEL, LIMITED

(Incorporated under the Companies Acts, 1908 to 1917.)

## CAPITAL.

£200,000 in £7 % Cumulative Preference Shares of £1 each, all of which are now offered for subscription;  
 £200,000 in £7 % Participating Preferred Ordinary Shares of £1 each, of which 130,000 have been issued, and are fully paid, 100,000 are now offered for subscription under the special rights and terms set out below, and the remaining 70,000 are reserved for future issue;  
 £5,000 in Deferred Ordinary Shares of £1 each, which have been issued and are fully paid;  
 £100,000 outstanding of £4 % First Mortgage Debenture Stock (being a part of a total authorised amount of £125,000).

## ISSUE OF

200,000 £7% Cumulative Preference Shares of £1 each at Par

## AND OF

100,000 £7% Participating Preferred Ordinary Shares of £1 each at £1 5s. 7per Share.

## PAYABLE

### AS TO £7 % CUMULATIVE PREFERENCE SHARES.

|   | s. | d.          |
|---|----|-------------|
| On Application .. .. .                  | 2  | 0 per Share |
| On Allotment .. .. .                    | 2  | 0 .. .. .   |
| On the 1st day of January, 1913 .. .. . | 5  | 0 .. .. .   |
| On the 1st day of July, 1913 .. .. .    | 5  | 0 .. .. .   |
| On the 1st day of January, 1914 .. .. . | 6  | 0 .. .. .   |

These £7 % Cumulative Preference Shares carry the right, until the completion and opening of the new hotel below mentioned, to a fixed cumulative preferential dividend on the capital paid up thereon, calculated from the dates fixed for payment of instalments, at the rate of £5 % per annum. As from the date of completion and opening of such new hotel to the public, they will carry the right to a fixed Cumulative Preferential Dividend on the capital paid up thereon at the rate of £7 % per annum. Dividends thereon will be paid half-yearly on the 1st June and the 1st December in each year, and the Shares will rank both as regards dividend and return of capital *pari passu* with any further £7 % Cumulative Preference Shares which may hereafter be created, and in priority to all other shares in the capital of the Company, but do not confer any further right to participate in profits or assets.

Interest at the rate of £4 % per annum will be allowed on instalments paid in advance on allotment from the date of payment until the due date, respectively.

Subject to the payment of dividend on the £7 % Cumulative Preference Shares in the capital of the Company, the profits of the Company, after setting aside to reserve such sum (if any) as the Directors may recommend, are applicable, as from the date of completion and opening to the public of the hotel below mentioned, as follows:—

- First. In payment to the holders of all Participating Preferred Ordinary Shares in the capital of the Company, whether new or original, of a non-cumulative preferential dividend calculated at the rate of £7 % per annum;
  - Secondly. In payment rateably to the holders of the Deferred Ordinary Shares of a sum equal to the amount of the £7 % distribution on all the then issued Participating Preferred Ordinary Shares whether new or original; and
  - Then after setting aside to reserve such sum (if any) as the Company shall in General Meeting vote, the remaining profits shall be applicable for distribution as to one-half rateably amongst the holders of all Participating Preferred Ordinary Shares, whether new or original, in the capital of the Company, and as to the other half rateably amongst the holders of the Deferred Ordinary Shares.
- Until the completion and opening to the public of the said hotel, the profits of the Company will be applicable as follows:—
- First. In payment of the £5 % dividend on the Cumulative Preference Shares;
  - Secondly. In payment of the dividend of £5 % on the Participating Preferred Ordinary Shares now offered.
  - Thirdly. After setting aside to reserve such sum (if any) as the Directors may recommend, in payment to the holders of the Participating Preferred Ordinary Shares in the original capital of the company of a non-cumulative preferential dividend calculated at the rate of £7 % per annum.
  - Fourthly. In payment rateably to the holders of the Deferred Ordinary Shares of a sum equal to the amount of the £7 % distribution on the Participating Preferred Ordinary Shares in the original capital of the Company for the time being issued.
  - Fifthly. After setting aside to reserve such sum (if any) as the Company shall in General Meeting vote, the remaining profits shall be applicable for distribution as to one-half rateably amongst the holders of the Participating Preferred Ordinary Shares in the original capital of the Company, for the time being issued, and as to the other half rateably amongst the holders of the Deferred Ordinary Shares.
- Upon a winding up all the Participating Preferred Ordinary Shares will rank *pari passu* as regards capital after the £7 % Cumulative Preference Shares, but before the Deferred Ordinary Shares and any surplus assets remaining after the return of the whole of the paid-up capital shall belong, as to one-half, rateably to the holders of all Participating Preferred Ordinary Shares *pari passu*, and as to the remaining half to the holders of the Deferred Ordinary Shares.

The fixed dividends on the Shares now offered for subscription will be calculated, half-yearly to the 31st day of March and the 30th day of September in each year, and will be paid on the 1st day of June and the 1st day of December respectively following. The first payments will be calculated from the dates fixed for payment of instalments.

The Company is at liberty from time to time (without notice or consent of the holders for the time being of the £7 % Cumulative Preference Shares or of the Participating Preferred Ordinary Shares, whether new or original) to create and issue further £7 % Cumulative Preference Shares ranking in all respects *pari passu* with the said £7 % Cumulative Preference Shares.

## Directors.

SIR THOMAS KNIGHT, 25 OAK STREET, STRAND, LONDON, W.C., Chairman of Suppliers Limited,  
 JOSEPH GOODMAN, 25 OAK STREET, STRAND, LONDON, W.C., Director of Suppliers Limited, and Chairman of Groceries, Limited.  
 ALFRED JONES, 25 OAK STREET, STRAND, LONDON, W.C., Director of Suppliers Limited, and Deputy-Chairman of Groceries, Limited.  
 JOHN ROBINSON, 25 OAK STREET, STRAND, LONDON, W.C., Managing Director of Suppliers Limited.

## Bankers.

LONDON, COUNTY, WESTMINSTER, AND PARK'S BANK, LIMITED, 217 STRAND, LONDON, W.C., AND ITS BRANCHES

## Brokers.

Messrs. JOHN BROWN & CO., 398 THROCKMORTON STREET, AND THE STOCK EXCHANGE, LONDON, E.C.

## Solicitors.

Messrs. BLACK & WHITE, 436 PICCADILLY, LONDON, W.

## Auditors.

Messrs. SHARP, BRIGHT & CO., 54 LONDON WALL BUILDINGS, LONDON, E.C.

## Secretary and Registered Office.

J. H. SMITH, 25 OAK STREET, STRAND, LONDON, W.C.



# PROSPECTUS

THE Company was formed in November, 19.., to erect the well-known Marylebone Palace Hotel and carry on the business of hotel keepers, and for the other purposes set out in its Memorandum Association. The Marylebone Palace Hotel was opened to the public on the 14th September, 19.., and proved an undoubted success.

The Directors being of opinion that the Company should extend its operations, Messrs. Alfred Jones & John Robinson, acting as nominees of the Company, on the 26th of September, 19.., entered into an Agreement for a Building Lease of a large site situated in the heart of the West End of London, in a very close proximity to St. James's Circus, namely, an island plot bounded by White Street, Black Street, Blue Street, & Brown Street. Upon this land it is proposed to erect another hotel, the plans of which have already received the approval of the Ground Landlord. Possession of the site is to be given in October of the present year with the existing buildings will be demolished, and it is anticipated that the new hotel will be completed and opened to the public by January, 19...

The new Hotel, which will have a larger number of bedrooms than any other in the United Kingdom, also include a magnificent winter garden, restaurant, dining and grill rooms, drawing, smoking and billiard rooms, lounges, bathrooms, and adequate kitchens and domestic offices. It will be equipped with every requisite for comfort, and each bedroom will be fitted with a direct supply of hot and cold water, and with electric light. Licences for Music and for the sale of Intoxicants have been provisionally granted.

It is proposed to make a charge of 10/- per person per night for bedroom, bath, light, attendance and half breakfast.

The Lease will be for a term of 80 years from the 10th October, 19.., at a ground rent, for the first year of a peppercorn, for the second year, of £3,000, for the third year, of £4,500, and for the residue of the term of £6,000 per annum, and will be granted upon production of the Certificate that the buildings have been erected in carcass, and that the other stipulations of the building agreement have been complied with.

The results of the trading of the Marylebone Palace Hotel since the date of its opening are, as shown in the published profit and loss accounts, as follows—

|   |                                      |            |
|---|--------------------------------------|------------|
| For the 54½ weeks ending 30th September, 19.. | £41,717 2s 6d., being at the rate of |            |
| for 52 weeks, of..                            | .. .. .                              | £39,803 9s |
| For the 52 weeks ending 30th September, 19..  | .. .. .                              | 40,593 16s |

These earnings were subject to Debenture interest, depreciation and replacements, provision for redemption and reserve, and, in respect of each of those years, after making these allowances, a dividend was paid at rate of 9% per annum on the 130,000 Participating Preferred Ordinary Shares, and a sum equal to the amount of that dividend was paid to the holders of the Deferred Ordinary Shares.

Since the close of the last financial year the popularity of the Marylebone Palace Hotel continues unabated.

The Directors estimate that the profits of the new Hotel will be at least double those of the Marylebone Palace Hotel. The two taken together should, therefore, earn not less per annum than £120,000 (From which should be deducted—

|  |            |                 |
|--|------------|-----------------|
| Interest on outstanding £100,290 4½ % First Mortgage Debenture Stock, £4,513 1s 0d, say .. .. .  | £1,513 0 0 |                 |
| Interest on £150,000 4½ % Mortgage Debenture Stock to be issued hereafter, as mentioned below .. .. .  | 6,750 0 0  |                 |
| Dividend on the 200,000 7 % Cumulative Preference Shares, now offered .. .. .  | 14,000 0 0 |                 |
| The 7 % dividend on the 230,000 Participating Preferred Ordinary Shares made up of the 130,000 already issued and fully paid, and the 100,000 now offered .. .. .  | 16,100 0 0 |                 |
| Dividend on Deferred Ordinary Shares .. .. .   | 16,100 0 0 |                 |
| Further deduct say: .. .. .  | 57,463 0 0 |                 |
| Depreciations and replacements .. .. .   | 20,000 0 0 |                 |
| Redemption Fund for Leases .. .. .   | 3,000 0 0  |                 |
| Reserve .. .. .  | 10,000 0 0 |                 |
|  |            | 90,463          |
| Leaving £29,537 available for distribution as to one-half among the holders of the 230,000 Preferred Ordinary Shares, and as to the remaining half amongst the holders of the Deferred Ordinary Shares .. .. . |            | 29,537          |
|  |            | <u>£120,000</u> |

It is intended that during the period of construction of the new hotel the distributable profits from the trading of the Marylebone Palace Hotel shall not be prejudiced by the dividends to be paid on the Shares now offered for subscription. The Directors therefore contemplate utilising for the latter purpose so much of the premiums to be derived from the present issue and of the reserve as may be requisite.

The Company has made a binding arrangement, whereby after £300,000 has been expended upon the site of the new Hotel, £150,000 4½ % Mortgage Debenture Stock will be subscribed for and taken up at par. This stock which will be repayable without premium over 30 years (with the option to the Company to redeem earlier at par, on six months notice either wholly or in instalments of not less than £1,000 each) will be secured by a First Charge upon the site and building of the new Hotel, and by a Floating Charge upon the other assets of the Company; but this Floating Charge will be subject to the Floating Charge in favour of the holders of the First Mortgage Debenture Stock of the Company, and will prevent the creation of any mortgage or charge on freehold or leasehold property in priority to or *pari passu* with the moneys secured by such first charge without the written consent of the Trustees. This £150,000 together with the capital to be derived from the present issues and the surplus funds of the Company should be approximately sufficient for the erection, equipment, completion and opening to the public of the new Hotel.

Pursuant to Section 81 of the Companies (Consolidation) Act, 1908, the following additional information is provided—

The minimum subscription upon which the Directors will proceed to allotment is 100 shares of each class offered for subscription.

The Agreement with relation to the acquisition of the site of the proposed new Hotel is dated the 26th day of September, 1910, and is made between Joseph Simpson of the one part, and Alfred Jones and John Robinson of the other part. The cost of the building to be erected on the site, it is provided by such Agreement, shall not be less than £150,000, and pending the grant of the Lease, a sum of £8,000 was required to be deposited or guaranteed as security for the performance of the contract. No premium has been paid in respect of such Agreement.

The Company has entered into a number of contracts in the ordinary course of business.

The 7 % Cumulative Preference Shares do not confer on the holders the right to attend or vote, either in person or by proxy, at any General Meeting of the Company, nor to have notice of any such Meeting, unless the dividend thereon, or on any part thereof, shall have been in arrear for 28 days, and is still in arrear; nor do the said 7 % Cumulative Preference Shares qualify any person to be a Director of the Company. Except to this extent, on a show of hands, every Member present in person shall have one vote, and, upon a poll, every Member present in person or by proxy, shall have one vote, for every Participating Preferred Ordinary Share held by him, and for every Deferred Ordinary Share held by him so many votes as will give to the holders of all the Deferred Shares together in respect thereof the same number of votes as may be exercisable in respect of all the other shares for the time being taken together; provided that any fraction of a vote to which a Deferred Ordinary Shareholder would on such computation be entitled shall count as an additional vote. No Member present only by proxy shall be entitled to vote on a show of hands, unless such Member is a Corporation present by a proxy who is not a Member of the Company, in which case such proxy shall vote on a show of hands as if he were a member of the Company.

Copies of the above-mentioned Agreements and of the form of lease referred to in the Agreement of the 26th September, 1910, and of the Report and Balance Sheet of the Company as at the 30th September, 1910, may be inspected at any time between the hours of 11 and 4 on the days on which the list is open to the public, at the offices of the Company's Solicitors, Messrs. Black & White, 436 Piccadilly, W.

Application will be made to the London Stock Exchange in due course for a settlement and quotation for both classes of shares now offered for subscription.

Applications for the present issues should be made on the appropriate forms accompanying this Prospectus, and sent to the Company's Bankers together with remittance for the amount payable on application.

A brokerage at the rate of 3d per share will be paid on all allotments made in pursuance of applications stamped with the name of a Broker.

Where no allotment is made, the deposit will be returned in full, and where the amount of Shares allotted is less than the amount applied for, the balance will be applied towards the amount payable on allotment.

Failure to pay any instalments when due will render the previous payments liable to forfeiture and the allotment to cancellation.

Prospectuses and forms of application can be obtained at the offices of the Company, or from the Solicitors, Brokers, or Bankers of the Company.

Dated this 18th day of September, 1910.

**The Marylebone  
Hotel  
LIMITED**

---

---

**Prospectus**

---

---

**ISSUE OF  
200,000 £7% Cumulative Preference Shares of £1 each at par  
AND OF  
100,000 £7% Participating Preferred Ordinary Shares of £1 each at £1 5s. per Share**

[Here is set out the statement of the contents of the Memorandum of Association and other information required by sect 81 (1a) of the Companies (Consolidation) Act, 1918 ]

it is an action of tort—it is an action for a wrong done whereby the plaintiff was tricked out of certain money in his pocket, and therefore, *prima facie*, the highest limit of his damages is the whole extent of his loss, and that loss is measured by the money which was in his pocket and is now in the pocket of the company. That is the ultimate, final, highest standard of his loss. But in so far as he has got an equivalent for that money that loss is diminished; and I think in assessing the damages, *prima facie*, the assets as represented are taken to be an equivalent and no more for the money which was paid. So far as the assets are an equivalent he is not damaged; so far as they fall short of being an equivalent, in that proportion he is damaged."

**Debenture Prospectus.** As prospectuses are issued for the purpose of raising debentures as well as with the object of raising capital for a company in the first instance, all the rules which are applicable in the latter case are equally good for the former, though it would appear that there is a greater amount of indulgence granted in respect of the time within which an action may be brought upon a debenture prospectus, than upon an ordinary one. Too great reliance, however, should not be placed upon an indulgence of this character. In all matters where relief is sought, the person who is not on the alert to assert his rights cannot expect any sympathy being extended towards him. In legal matters, as in business affairs, expedition is an all-important factor.

**PROTECTED TRANSACTIONS IN BANKRUPTCY.**—It is pointed out elsewhere (see VOLUNTARY SETTLEMENT, FRAUDULENT PREFERENCE) that many dealings with a person who is, or who is about to become, bankrupt are void as against the trustee in bankruptcy. For instance, if A knows that B is going to file his petition next week, and accepts from him a sum of money in payment of a past debt, he will be liable to refund that sum to the trustee. Certain transactions, however, which are innocently carried through before the date of the receiving order, are declared by law to be valid.

Thus, subject to the provisions of the Bankruptcy Act as to executions (see EXECUTION CREDITOR), the avoidance of certain voluntary settlements (*q.v.*) and fraudulent preferences (*q.v.*), the following transactions are valid subject to certain conditions: Payments by the bankrupt to any creditor, payments or deliveries to the bankrupt, conveyances or assignments by the bankrupt for valuable consideration, and contracts, dealings, or transactions by or with the bankrupt for valuable consideration. The conditions are (1) that the transaction takes place before the date of the receiving order, (2) the person (other than the debtor) with whom the transaction is entered into has no notice of any available act of bankruptcy committed by the bankrupt before the date of the transaction.

The following are examples of transactions which have been declared protected under this rule: Seizure of goods under an irrevocable licence to seize, removal of goods so as to take them out of the order and disposition of the bankrupt, an assignment to a creditor of a sum payable by a third person to the debtor.

The following are examples of transactions which have been held not to be protected: Any transaction which is void under the Bills of Sale Act (see BILLS OF SALE), a charging order on money

in court, or an assignment of the whole or substantially the whole of the property of a debtor in payment for a past debt, the creditor knowing that there are other creditors, for, in that case, the creditor cannot be said to be acting in good faith. A person who, in fulfilment of a contract with the bankrupt made before the receiving order, pays him a sum of money after the order, may be compelled to pay again to the trustee, although he had no notice of the act of bankruptcy.

It remains to consider what amounts to notice of an act of bankruptcy. It obviously does not only mean *express* notice, for a man might have the opportunity of obtaining information and expressly abstain from so doing. It should be mentioned, in this connection, that all people are presumed to know the law and to know what constitutes an act of bankruptcy. (As to the meaning of "an act of bankruptcy," see BANKRUPTCY PETITION.) It has been decided that wilfully abstaining from acquiring knowledge of such an act amounts to notice of such an act. Knowledge that a man has been absconding himself from business, or that a man "has committed several acts of bankruptcy," is sufficient, but notice of an intention to commit an act of bankruptcy is insufficient. If a transaction is challenged on the ground that it is not protected, the onus of proving that he has had no notice of an act of bankruptcy is on the person concerned.

**PROTECTION.**—By Protection is meant a policy which artificially encourages the whole or a part of the industries of a country. Unlike its contrast, Free Trade, of which the essence is to place all producers—home, Colonial, and foreign—on the same footing, Protection seeks to support the home producer against his foreign rival. It either handicaps the foreigner by charging him Customs duty for the privilege of selling his goods in the country, or it assists the home producer by paying him a bounty on production. The latter method, the one most in use in former times, is now little prevalent except indirectly, and we may confine ourselves to an examination of the first method, through which, by manipulation of the tariff, a prohibition or restriction of foreign imports is produced. The tariff in this case is drawn up primarily with a view to the limitation of foreign imports and only secondarily with a view to revenue. In so far as a protective tariff succeeds in its primary function, no revenue can, of course, accrue to the Treasury, to the extent that it produces revenue it has failed in its purpose of protection. "The object of this tariff," said President McKinley in presenting the famous tariff of 1890, "is not to augment our revenue, but, on the contrary, to reduce it and, finally, to suppress it altogether when we shall have raised the duties to a sufficient height." And in a country which, with no great difficulty, could be self-sufficient, the amount of imports is immaterial, but it is different with a country that has sacrificed its agriculture, and must feed its people and obtain the raw materials of its staple industries from abroad. The question is no longer whether prices are kept up at home so as to afford the home worker a living wage, but whether a policy of protection would result in a slackening or a stimulating of exports to pay for imports needed.

We had better, since the space allotted to the question is very wisely limited, omit the examination of figures. These notoriously may mislead, it was a shrewd Parliamentary agent who said to

his candidate: "Tell me what you want to prove and I will supply the statistics." We take, therefore, as a basis for our arguments results about which there is no question.

First, then, the great industries—cottons and hardware, in especial—are dwindling in their exports not only in comparison with other manufacturing nations, but even absolutely dwindling; and what would have appeared incredible to politicians of an earlier date, the British manufacturer is, in some cases, being ousted from the home market itself. In order to maintain a large output, so as to utilise effectively their enormous plant, it actually "pays" the American steel maker to sell abroad for less than he charges at home, for less, it may be, than cost of production. For with every increase in output the amount which each unit of production has to contribute to the defraying of fixed charges is decreased. The "dumping," of which abundant evidence was given to the United States Industrial Commission, is not merely a cutting of prices even to the involving of actual loss, in order to drive a rival out of business. It is "business" in which the sole consideration is present and prospective profit. It results not only from a wish "to relieve the market," but from the necessity of working fixed capital.

"How does the export price compare with the price to the American consumers?" the President of the American Steel and Wire Company was asked by the Commission.

"We are selling in the markets of the world at a less price than at home."

"Will you kindly explain the business reasons for doing that?"

"The business reason is that by working up a foreign business we can operate our mills more fully, 'we can make our goods cheaper. . . . At the present time our home prices are probably 50, 60, or 70 cents a hundred higher than our export." And another witness said: "We would rather be sure of running our works full at a known loss than not to run them at all."

The argument as to the economy of selling below cost of production is put as neatly as may be by Professor Hadley in *Railway Transportation*—

"It is not true that when the price falls below cost of production people always find it for their interest to refuse to produce at a disadvantage. It very often involves worse loss to stop producing than to produce below cost. Take an instance from railroad business. A railroad connects two places not far apart, and carries from one to the other (say) 100,000 tons of freight a month at a shilling a ton. Of the £5,000 thus earned, £2,000 is paid out for the actual expenses of running the trains and loading or unloading the cars; £1,000 for repairs and general expenses; the remaining £2,000 pays the interest on the cost of construction. Only the first of these items varies in proportion to the amount of business done; the interest is a fixed charge, and the repairs have to be made with almost equal rapidity, whether the material wears out, rusts out, or washes out. Now, suppose a parallel road is built, and, in order to secure some of the business, offers to take it at 10d. a ton. The old road must meet the reduction in order not to lose its business, even though the new figure does not leave it a fair profit on its investment; better a moderate profit than none at all. The new road reduces to 7½d.; so does the old road. A 7½d. rate will pay only £125 for interest, unless there are new

business conditions developed by it; but it pays for repairs, which otherwise would be a loss. The new road makes a still further reduction to 5d. This will do little toward paying repairs, that little is better than nothing. If you take 5d. freight that costs you a shilling to handle, you lose 7d. on every ton you carry. If you refuse to take it at that rate you lose 7½d. on every ton; do not carry. For your charges for interest on repairs run on, while the other road gets on with business."

"The new era of Protection has arisen not because economists and statesmen have been unable to understand the beautiful arguments of Free Trade, but because a few monopolists and manufacturers have dominated the Government; it has arisen from the natural instincts of the peoples. It does not only rest on the doctrine of educative tariff [the 'infant industries argument,' for which see the article on FREE TRADE]. It arises from a motive which is rather instinctively felt but clearly understood, namely, that tariffs are international weapons which may benefit a country skilfully used."

And so the modern advocate of Protection is careful of answering the abstract arguments of the Free Trader. He admits all that his Free Trade opponent asserts as to the economical advantage of producing goods where they can be most cheaply produced, while still he maintains that, in a small country, it is not always well to destroy an industry for the sake of cheapness through free import—cheapness which may be only temporary. Since, he argues, international trade has, in days, assumed the character of a struggle for existence, it is bound to result in a crushing out of the weaker. Canada has natural advantages that enable it to produce wheat much more cheaply than we can; and our farmers find wheat growing profitable. Let them turn to "something else," says the Free Trader; let them make cottons in China; but quite enough are making cottons in this country, and the demand abroad would seem to be diminishing instead of increasing. Let them use the skill acquired in agriculture to steel-making, then. There is some difficulty in doing this; it would be accomplished if the United States were not such formidable competitors in steel production and the superiority may exist in other countries in other things. If there is nothing, then, in which we can compete, let us transfer our capital and labour to the countries which provide the conditions for successful competition. Let us all emigrate; and the nation had no wish to continue as a separate State with its own national life, such is the logical conclusion. But no nation, least of all our own, is disposed to sacrifice itself in the general interest. Besides, the Protectionist affirms, even if a nation could find something in which its labour is relatively most productive, it would still be unwise to devote itself exclusively to this one thing. In the individual, too great specialisation is evil, and the evil would be intensified if the whole nation specialised. To produce a full and rich life it is needful to multiply all forms of social activity. And thus protective tariffs persist, even though they appear absurd contradictions to the efforts of people to facilitate communication: "20 per cent duty is equivalent to a bad road; one of 50 per cent is a broad and deep river without means of passage; one of 70 is a vast marsh extending on the banks of the river; one of 100 is a band of rob-

who pillage the merchant of almost all he has and force him to be thankful for having escaped with his life."

The Protectionist is quite ready to admit the popular arguments of Free Traders. He knows that protective duties cost much to collect; though, to be sure, the collection of direct taxes themselves involves some expense. He does not deny that the widening of the home market and the increase in the demand for labour caused by a protective tariff are usually coincident with a narrowing of the foreign market, and a diminution in the production of goods for export which was profitable under the old system. But he feels that, when a great industry is threatened, it is matter for long deliberation whether or not means for its preservation can be found.

We have gone very far beyond the point when the whole wisdom of politics was summed up in "let alone." In hundreds of ways the administration of capital is definitely limited in the interests of the worker. During the thirty years following 1847, when the Ten Hours' Bill became law, the principle of regulation has been exerted to an astonishing extent, and with general approval. "We have to-day," says Lord Morley, "a complete, minute, and voluminous code for the protection of labour; buildings must be kept pure of effluvia; dangerous machinery must be fenced; children and young persons must not clean it while in motion; their hours are not only limited, but fixed; continuous employment must not exceed a given number of hours, varying with the trade, but prescribed by the law in given cases; a statutable number of holidays is imposed; the children must go to school, and the employer must every week have a certificate to that effect; if an accident happens, notice must be sent to the proper authorities; special provisions are made for bake-houses, for lace-making, for collieries, and for a whole schedule of other special callings; for the due enforcement and vigilant supervision of this immense host of minute prescriptions, there is an immense host of inspectors, certifying surgeons, and other authorities, whose business it is to 'speed and post o'er land and ocean' on sullen guardianship of every kind of labour, from that of the woman who plants straw at her cottage door to the miner who descends into the bowels of the earth, and the seaman who conveys the fruits and materials of universal industry to and fro between the remotest parts of the globe." It seems but a logical extension of this care for the labourer that the administration of foreign capital also should, so far as may be, be controlled in his behalf, that commercial regulation should follow industrial regulation.

In this article protection has been treated in a wide sense, and it has been attempted to set forth the main arguments which are advanced in favour of it without bias. Whether there will be any different views evolved by the circumstances of the Great War as to Protection—and the same will apply to Free Trade—remains to be seen. It is too early as yet to attempt to dive into the future.

**PROTECTIONISTS.**—Those persons who advocate the doctrine of Protection and are the opponents of Free Trade.

**PRO TEM.**—An abbreviated form of the Latin expression *pro tempore*, "for the time being."

**PROTEST.**—(See **PROTESTING A BILL**.)

**PROTESTER.**—One who protests a bill of exchange.

**PROTESTING A BILL.**—When a bill of exchange is dishonoured, either by non-acceptance or by non-payment, it is customary for the holder, of the instrument to hand it to a notary public to be protested. The protest is, in fact, the official certificate which is given by the notary public. The practice of London bankers is as follows. The dishonoured bill is held until the close of business on the day it is dishonoured, and it is then sent to a notary. The latter then presents the bill again to the drawee or to the acceptor for acceptance or payment, as the case may be, and unless it is met in due form the facts of the case are noted upon the bill, or upon a slip which is attached to the bill. This constitutes "noting." Subsequently, the official certificate or protest may be extended, as to the date of the noting, but the noting must take place on the day that the bill is dishonoured, otherwise it is of no value.

Inland bills are not necessarily protested. It is not a condition precedent to the holder's being entitled to proceed against the drawer or any of the indorsers that they should be. But foreign bills must be noted and protested, unless the remitter of the bills sends instructions that they are not to be so dealt with.

Where an acceptor has become bankrupt or has disappeared, a bill is sometimes protested "for better security." In such a case the bill should be presented at the address of the acceptor (not at the bank where it may have been accepted payable) and better security asked for, and be protested accordingly.

The Bills of Exchange Act, 1882, deals with noting and protesting as follows.—By Section 51—

"(1) Where an inland bill has been dishonoured it may, if the holder think fit, be noted for non-acceptance or non-payment, as the case may be; but it shall not be necessary to note or protest any such bill in order to preserve the recourse against the drawer or indorser.

"(2) Where a foreign bill, appearing on the face of it to be such, has been dishonoured by non-acceptance it must be duly protested for non-acceptance, and where such a bill, which has not been previously dishonoured by non-acceptance, is dishonoured by non-payment it must be duly protested for non-payment. If it be not so protested the drawer and indorsers are discharged. Where a bill does not appear on the face of it to be a foreign bill, protest thereof in case of dishonour is unnecessary.

"(3) A bill which has been protested for non-acceptance may be subsequently protested for non-payment.

"(4) Subject to the provisions of this Act, when a bill is noted or protested, it must be noted on the day of its dishonour. When a bill has been duly noted, the protest may be subsequently extended as of the date of the noting. (This sub-section was altered by the Bills of Exchange (Time of Noting) Act, 1917. The words "it must be noted on the day of its dishonour" are now replaced by "it may be noted on the day of its dishonour, and must be noted not later than the next succeeding business day.")

"(5) Where the acceptor of a bill becomes bankrupt or insolvent or suspends payment before it matures, the holder may cause the bill to be protested for better security against the drawer and indorsers.

"(6) A bill must be protested at the place where it is dishonoured: Provided that—

"(a) When a bill is presented through the post office, and returned by post dishonoured, it may be protested at the place to which it is returned and on the day of its return if received during business hours, and if not received during business hours, then not later than the next business day:

"(b) When a bill drawn payable at the place of business or residence of some person other than the drawee, has been dishonoured by non-acceptance, it must be protested for non-payment at the place where it is expressed to be payable, and no further presentment for payment to, or demand on, the drawee is necessary.

"(7) A protest must contain a copy of the bill, and must be signed by the notary making it, and must specify:—

"(a) The person at whose request the bill is protested:

"(b) The place and date of protest, the cause or reason for protesting the bill, the demand made, and the answer given, if any, or the fact that the drawee or acceptor could not be found.

"(8) When a bill is lost or destroyed, or is wrongly detained from the person entitled to hold it, protest may be made on a copy or written particular thereof.

"(9) Protest is dispensed with by any circumstance which would dispense with notice of dishonour. Delay in noting or protesting is excused when the delay is caused by circumstances beyond the control of the holder, and not imputable to his default, misconduct, or negligence. When the cause of delay ceases to operate the bill must be noted or protested with reasonable diligence."

Section 93 of the Act defines when noting is equivalent to protest—

"For the purposes of this Act, where a bill or note is required to be protested within a specified time or before some further proceeding is taken, it is sufficient that the bill has been noted for protest before the expiration of the specified time or the taking of the proceeding, and the formal protest may be extended at any time thereafter as of the date of the noting."

A notary public may not always be available in certain districts. In order to provide for such a contingency it is enacted (Sec. 94) that if there is no notary, a bill may be protested by a householder or substantial resident of the place in the presence of two witnesses. The form given in the Act, as that which is to be used as nearly as possible is as follows—

"Know all men that I, A B (householder), of in the county of in the United Kingdom, at the request of C D, there being no notary public available, did on the day of 19 at demand payment (or acceptance) of the bill of exchange hereunder written, from E F, to which demand he made answer (state answer, if any), wherefore I now, in the presence of G. H. and J. K., do protest the said bill of exchange

"Signed A B

"G. H. Witnesses"

"J. K."

"The bill, or an exact copy of it, should be annexed to the form of protest.

As to the witnesses, they are not witnesses of the presentation of the bill for acceptance or payment, but only of the signature of the protestor.

The date on which bills are to be protested in foreign countries depends upon the laws of those countries.

**Stamp Duty.** By the Stamp Act, 1891—

Protest of any bill of exchange or promissory note—

Where the duty on the bill or note does not exceed 1s. .. The same duty as the bill or note.

£ s. d.  
In any other case .. 0 1 0

"Section 90. The duty upon a notarial act, and upon the protest by a notary public of a bill of exchange or promissory note, may be denoted by an adhesive stamp, which is to be cancelled by the notary."

The duty is the same upon the copy of a protest.

Postage stamps are used when the stamp is an adhesive one. The duty may also be denoted by an impressed stamp (See BILL OF EXCHANGE, NOTING).

**PROTEST PAYMENTS.**—This is a term which occurs in connection with the clearance of country cheques through the London Clearing House (*q.v.*). The usual time allowed for clearing the cheques is two days, but there exists a system under which one or two days are allowed in addition. Where then, from any cause, cheques have not reached the drawee bank from the London agent, or no acknowledgment has been received, the London agent, when settling up the balance of clearing two days after the cheques were received at the Clearing House, gives notice to the bank from which the cheques were received that payment for them is made under protest. The London bank which receives the notice then, in its turn, communicates the information to the country bank or other channel from which it received the cheques.

In connection with the metropolitan clearing a bank may pay any of its metropolitan branches under protest on Saturdays, when necessary.

**PROVE IN COMMON FORM.**—In the majority of cases where a deceased person has made a will, the executor or executors, or the administrators in the absence of any named executors, apply either at Somerset House or at the proper district probate registry, for a grant of probate, or for letters of administration, giving them authority to administer the estate of the deceased. If there is no litigation over the matter, which will be the case when no caveat (*q.v.*) is entered, the procedure is known as "proving the will in common form" (See PROBATE).

**PROVE IN SOLEMN FORM.**—This is the legal expression used to signify the proving of a will in open court. This happens in two cases. The executors may be anxious to avoid difficulties in the future, difficulties which may be only threatened by third persons. Instead, then, of proving in common form (*q.v.*), which they might do, they take proper steps to have the will brought before the open court and to have its terms, as it were, certified by the court. Again, if a caveat (*q.v.*) is entered, the case must come into open court, and the will must be pronounced for, if, in fact, it is in proper form—duly executed by a testator

who is of sound mind at the time of the execution thereof. In each of these cases the will is said to be "proved in solemn form." When there has been a proof in this fashion, it is, of course, very difficult to get the judgment of the Court reversed. (See PROBATE.)

**PROVISIONAL CERTIFICATE.**—When a person has agreed to take up certain bonds, say, of a new issue by a foreign state, he is generally supplied with a certificate which is known as a "provisional certificate." The bonds are issued in exchange for this provisional certificate as soon as the various instalments due under the agreement have been paid. (See SCRIPT CERTIFICATE.)

**PROVISIONAL LIQUIDATOR.**—At any time after the presentation of a petition for the compulsory winding up of a company, the court may make an order for the appointment of a provisional liquidator. The relative procedure in the case of a winding up in England must be distinguished from that applicable in Scotland and Ireland, where there is no official (as regards the winding up of companies) whose position is analogous to that of the Official Receiver in England, and where, consequently, a provisional liquidator continues to act as such until a regular appointment is made. In England, however, although any suitable person may be appointed provisionally, he must give place, upon the making of a winding up order, to the Official Receiver, who, by virtue of his office, then becomes provisional liquidator pending the appointment of himself or some other person to carry the winding up through. In the same manner, in the case of a vacancy in the office of liquidator, the Official Receiver automatically becomes *ex officio* provisional liquidator.

In practice, where the court deems a provisional appointment desirable or necessary, the Official Receiver is almost invariably appointed: usually with powers restricted to collecting and assuming control of the assets, paying out only necessary disbursements.

The Official Receiver is appointed provisional liquidator upon the application of a creditor or contributory, or of the company itself, and upon proof by affidavit of sufficient grounds for his appointment, the court granting the application upon such terms as it may deem just and necessary (Winding-up Rule 31). Subject to any order of the court, if the petition is dismissed, or if a winding-up order is made and subsequently rescinded, or all proceedings are stayed, or if a supervision order is made, the Official Receiver as provisional liquidator is entitled to be paid out of the assets his costs properly incurred, including the fees payable to the Board of Trade according to scale, and the Official Receiver may pay himself such costs and fees before handing over the assets.

Where anyone other than the Official Receiver is appointed provisional liquidator, he may not act until he has notified his appointment to the registrar of Companies, and given security in the prescribed manner to the satisfaction of the Board of Trade. (See LIQUIDATOR.)

**PROVISIONAL ORDERS.**—These are a species of departmental legislation and take a position very similar to that of private bills (*qv*). The object of these orders is to give effect to the schemes and projects of corporate bodies which occupy a subordinate position, but which have nevertheless a right to regulate their own proceedings to a certain extent and to put forth rules with regard to the

same. When Parliament legislates as to particular matters affecting public corporate bodies, power is given by the Act or Acts passed to these corporate bodies to legislate for themselves by means of orders of this kind. The power thus given is placed under the control of a government department, which has statutory authority to allow such orders to be made. The best examples of these provisional orders are those which are made giving special powers to companies incorporated for such purposes as regulating piers, harbours, etc., for managing tramways, or for other similar public works. Local authorities also are largely regulated by provisional orders made on their behalf. (Compare BY-LAWS.)

**PROVISO.**—A provision or condition contained in a deed or other document, and upon the happening of which the performance of the terms of an agreement are dependent.

**PROVOST.**—This is the name of an official in Scotland who corresponds in many ways to an English mayor (*qv*). The office is an elective one, the electors being the members of the council of the burgh. As to the tenure of office, the provost holds his position for three years, and not for one year only as does an English mayor. Again, although it is no uncommon thing for an English mayor to be elected more than once to his office, it is a very rare thing for the provost of a Scotch burgh to be re-elected. Speaking generally, it appears that the position of a provost is more valued than that of an English mayor, and there can be little doubt that the provost exercises much greater influence over municipal legislation than a mayor does. The cities of Aberdeen, Dundee, Edinburgh, Glasgow, and Perth have a Lord Provost as their chief officials, whilst the Lord Provost of Edinburgh is entitled to the prefix "Right Honourable."

**PROXIES.**—Shareholders who have a right to take part in and vote at meetings may be unable to attend and exercise their rights, and, in order that their interests may not be prejudiced in consequence, it is customary to allow those entitled to attend the meetings to be represented, if they so desire, by other persons, *ie.*, representation by proxy is usually permitted. Neither the common law nor statute law gives to individual shareholders the right to be represented by proxy at meetings; and it is requisite that express authority should be included amongst the regulations governing the company, as contained in its articles of association, in order to make representation by proxy valid. An exception, however, is made in the case of a company which is a member of another company, for such, by Section 68 of the Companies (Consolidation) Act, 1908, has a right to appoint any person to vote on its behalf at any meeting of the other company.

In the model set of articles known as Table A, being the first schedule to the Companies (Consolidation) Act, 1908, the following provision occurs in Clause 64: "On a poll, votes may be given either personally or by proxy," and almost without exception, when special articles of association are adopted by a company, a similar provision is included. In order to be valid, proxies must conform in every particular to the provisions concerning them contained in the articles, and the following clauses in Table A will give an idea what such provisions usually are—

"65. The instrument appointing a proxy shall



be in writing under the hand of the appointor or of his attorney duly authorised in writing; or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney so authorised. No person shall act as a proxy unless either he is entitled on his own behalf to be present and vote at the meeting at which he acts as proxy, or he has been appointed to act at that meeting as proxy for a corporation.

"66. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote; and, in default, the instrument of proxy shall not be treated as valid.

"67. An instrument appointing a proxy may be in the following form, or in any other form which the directors shall approve—

" . . . . . Company, Limited.

" I, . . . . . of . . . . . in the county of . . . . ., being a member of the . . . . . Company, Limited, hereby appoint . . . . . of . . . . . as my proxy to vote for me and on my behalf at the (ordinary or extraordinary, as the case may be) general meeting of the Company, to be held on the . . . . . day of . . . . ., 19 . . . , and at any adjournment thereof

" Signed this . . . . . day of . . . . ., 19 . . . "

Most companies require the signature of the appointor to be attested by at least one witness. The person appointed as proxy is usually required to be a member of the company, as in the case of Clause 65 of Table A; without such a restriction any person may be appointed, but it is doubtful whether a shareholder can appoint a corporation as his proxy. When voting is by a show of hands, proxies do not count unless the person holding the proxy is *not* a member of the company, in which case, it seems, he could hold up his hand and vote for his principal; but if a member of the company he could not hold up two hands: one for himself and one for the absent member he represented. If a shareholder grants a proxy to someone and then is himself present at the meeting and votes before his proxy has voted for him, his proxy form is thereby revoked. Proxy forms are usually examined by the secretary of the company to ascertain whether or not they are in order; but it lies with the chairman to decide if any shall be rejected, and his decision can only be over-ruled by the court, on proving to its satisfaction that he acted wrongly. In examining proxies, the secretary should see—

(1) That the form is in accordance with the one (if any) set out in the articles.

(2) That the form is properly stamped.

(3) That it is signed by the appointor.

(4) That the signature is properly witnessed.

(5) That the person appointed is a member of the company (where that is required).

(6) That the number of votes to which the appointor is entitled (where the proxy form requires this particular) is filled in, and that such number is correct.

If the name of the company is not printed on the form, he should take care that it is correctly written.

With regard to the person appointed, it is not essential that he should be mentioned by name, so long as there is a clear indication as to his identity, e.g., "The Manager of the Putney Branch of the X.Y.Z. Bank" or "The Chairman of the Meeting" would be permissible.

Provided they are acting *bona fide* in the interests of the company, directors are entitled to issue stamped proxy forms to the shareholders at the expense of the company. They may also enclose stamped addressed envelopes for the return of the proxy forms. It was thought at one time that the directors in following this practice were acting *ultra vires*, and that they could be surcharged with the money expended; but the courts have since decided otherwise, and this applies even if the directors have had the blank forms filled up in their own favour.

The provisions of the Stamp Act in connection with proxies have to be carefully considered. The forms must be stamped before being used; and if intended for one meeting only, which includes any adjournment thereof, are liable to the duty of 1d., which may be denoted by either an adhesive or an impressed stamp. If intended for use at more than one meeting, an impressed stamp of 10s. is necessary. In order to come within the provisions allowing a 1d. stamp, the meeting at which the proxy form is intended to be used must be precisely indicated. A proxy form executed abroad may be stamped within thirty days of its arrival in the United Kingdom; but no proxy form may be stamped with a 1d. stamp *after execution*, if the signature has been affixed in the United Kingdom. The penalty for making or voting under an unstamped proxy is £50, and the vote given is void.

A proxy to be used in connection with bankruptcy proceedings, is exempt from stamp duty.

**PROXIMO.**—The next approaching month, or if a particular month is named, the next month of that name.

**PROXY.**—The person who acts for another, also the document appointing him. The articles of association of a company usually provide for votes being given by proxy. (See **PROXIES**.)

**PRUNELLOES.**—Small plums imported into Great Britain from France and Austria.

**PRUNES.**—Plums dried whole either artificially or by simple exposure to the sun. The principal varieties are the Julien and the Catherine. They are useful medicinally, but are mainly valuable for culinary purposes. Prunes are obtained chiefly from France, but small supplies are also imported from Germany, Bosnia, Serbia, and America.

**PRUSSIA.**—(See **GERMANY**.)

**PRUSSIAN BLUE.**—A dark-blue chemical precipitate, largely used before the introduction of the aniline colours for tinting paper, dyeing, and for laundry purposes. The commercial product is usually obtained by oxidising a mixture of ferrous sulphate and yellow prussiate of potash.

**PRUSSIC ACID.**—The popular name for hydrocyanic acid (*qv*).

**PUBLIC ACCOUNTS.**—All the financial affairs of the nation as well as those of all public bodies are in the hands of various permanent officials. The officials are specially selected and appointed to attend to them. As to the accounts of the nation, these are nominally under the control of the Treasury, at the head of which is the Chancellor of the Exchequer; but, in reality, the whole of the routine work is carried out by subordinate

officials in subordinate departments. As to the accounts of public bodies, such as county councils, municipal corporations, etc., these are managed by selected officers and audited at certain stated periods by elective officials, the whole being in the long run, controlled by the Ministry of Health.

By Section 18 of the Exchequer and Audit Departments Act, 1866 (29 & 30 Vict c 39) —

"The Treasury may, from time to time, determine at what banks accountants shall keep the public moneys entrusted to them, and they may also determine what accounts so opened in the names of public officers or accountants in the books of the Bank of England, or the Bank of Ireland, or of any other bank, shall be deemed public accounts; and on the death, resignation, or removal of any such public officers or accountants the balances remaining at the credit of such accounts shall, upon the appointment of their successors, unless otherwise directed by law, vest in and be transferred to the public accounts of such successors at the said banks, and shall not, in the event of the death of any such public officers or accountants, constitute assets of the deceased, or be in any manner subject to the control of their legal representatives"

By the Stamp Act, 1891, the following are exempt from stamp duty—

Draft or order drawn upon any banker in the United Kingdom by an officer of a public department of the State for the payment of money out of a public account.

Bill drawn in the United Kingdom for the sole purpose of permitting money to be placed to any account of public revenue

**PUBLIC ANALYST.**—(See ANALYST, PUBLIC.)

**PUBLIC AUTHORITIES PROTECTION ACT.**—

The Public Authorities Protection Act was passed in 1893 for the purpose *inter alia* of protecting public bodies from expense when they are unsuccessfully sued in respect of acts done or omitted to be done in the exercise of statutory powers or duties. It repeals so much of every public general Act as enacts that in any proceeding to which the 1893 Act applies, the proceeding is to be commenced in any particular place or within any particular time, or that notice of action is to be given, or that the defendant is to be entitled to any particular kind or amount of costs, or the plaintiff is to be deprived of costs in any specified event; and it also repeals portions of a great many prior Acts of Parliament and substitutes in place of varying and special privileges, a uniform protection for all defendants in respect of any action, prosecution, or other proceeding, commenced against them for any act done in pursuance of execution, or intended execution of any Act of Parliament, or of any public duty or authority, or in respect of any alleged neglect or default in the execution of any such act, duty, or authority. The words "action, prosecution, or other proceeding commenced against them" are interpreted strictly, and the protection of the Act does not apply to an appeal, or an interlocutory application, but it does apply to an action where only an injunction is asked for, to action for negligence, infringement of patent, and to criminal proceedings, and to claims for penalties by a common informer or aggrieved person; and to applications under the Justices Protection Act, 1848, for mandamus, prohibition, or certiorari not made by a department of the Government. It applies also

to a consent order made in Chambers dismissing an action.

The protection given by the Act is as follows—

"(a) No action, prosecution, or proceeding can be brought or instituted except within six months next after the neglect or default complained of, or in case of a continuing injury or damage, within six months after the ceasing thereof, and wherever in any such action the defendant obtains judgment, the judgment carries costs to be taxed as between solicitor and client, instead of ordinary party and party costs. In ordinary cases tried without a jury, the judge has a complete discretion as to the awarding of costs, and may, when he thinks proper, deprive a successful defendant of the whole or any part of his costs. He can also, in cases to which this Act applies, for good cause deprive a successful defendant of his costs, but if judgment is entered up for the defendants with costs, it must be entered up for costs to be taxed as between solicitor and client. It is, perhaps, unnecessary to point out that in cases to which the Act applies, the judge's discretion with regard to the costs of a successful plaintiff remains unaltered, and he can in a proper case deprive the successful plaintiff of the whole or part of his costs.

"(b) Where the proceeding is an action for damages, tender of amends before the action was commenced, may, in lieu of or in addition to any other plea, be pleaded. If the action was commenced after the tender, or is proceeded with after payment into court of any money in satisfaction of the plaintiff's claim, and the plaintiff does not recover more than the sum tendered or paid, he cannot recover any costs incurred after the tender or payment, and the defendant is entitled to solicitor and client costs as from the time of tender or payment, but this provision does not affect costs on any injunction in the actions. So far as the costs of the injunction are concerned, where the injunction is a material or substantial part of the relief claimed, these costs remain in the unfettered discretion of the judge."

If, in the opinion of the court, the plaintiff has not given the defendant a sufficient opportunity of tendering amends before the commencement of the proceedings, the court may award to the defendant costs to be taxed as between solicitor and client. If, however, the defendant is a local authority or an officer of a local authority, and the proceedings are brought by any department of the Government, the provisions of this Act do not apply. The benefit of the statute does not extend to every act done in pursuance of an Act of Parliament. It does not apply to a company incorporated by Act of Parliament, not only for the performance of duties of public utility, but also for the purpose of earning profits. Speaking generally, it applies to all municipal bodies or public authorities, but not to companies formed for commercial profit. It does not apply to claims against a public body for goods sold and delivered, or for work and labour done. Such claims as these arise out of a private contract between the public body and the plaintiff, and not out of anything done or omitted to be done under the defendant's statutory powers or public duties. If the guardians of a parish are under a statutory liability to provide certain buildings for the poor, and they enter into a valid contract with a builder to erect those buildings, the builders' right to payment for work done depends only on the private contract between him and the guardians, and the guardians are not sued for anything done or omitted

to be done under their statutory powers or duties, but for breach of their private duty to the builder under the contract. The Act applies to a municipal corporation carrying on works outside its strictly municipal duties, the profits of which go to the relief of the rates (*e.g.*, tramways, docks, or electric lighting), but it is confined strictly to public authorities and officials and persons acting under them. It does not apply to the case of an independent contractor employed by a public authority under a contract, and not as a mere servant or agent, to do work which the latter is empowered to do. It applies to the case of a medical practitioner giving the statutory notice as to a patient suffering from an infectious disease, to a justice of the peace acting in the intended execution of the Vaccination Act, or to a volunteer colonel engaged in his military duties; but it does not apply to the trustees of a local loan society, nor to proceedings brought against a public authority for compensation under the Workmen's Compensation Act, 1906.

The limitation of six months within which the action must be commenced runs, in the case of personal injuries, from the date of the act causing the injury, in an action against a justice of the peace for illegal distress in respect of a warrant issued by him without jurisdiction, from the date of the trespass committed against the plaintiff by the officer of the court, and not from the date of the issue of the warrant, and in the case of a continuing injury (*e.g.*, the pollution of a stream), from the date of the cessation of the injury.

**PUBLIC COMPANIES.**—The joint-stock or limited liability companies which apply to the public for subscription, and which are composed of shareholders who are at liberty to sell their shares publicly without the consent of their fellow shareholders.

**PUBLIC EXAMINATION** (and see PRIVATE EXAMINATION).—After a receiving order has been made against a debtor, he attends at court to undergo his public examination. This is an examination as to his conduct, dealings, and property. It is held after the expiration of the time for the submission of the statement of affairs. Notice of the time and place is given to the debtor and to the creditors by the official receiver. If the debtor fails to appear, a warrant may be issued for his arrest. If the debtor is a lunatic, or if he suffers from such mental or physical affliction that he is unfit to attend, the court may dispense with the examination, or direct that he be examined in such manner and place as may seem expedient.

A creditor who has tendered a proof, or his representative authorised in writing, may question the debtor concerning his affairs, and the causes of his failure. Even a solicitor must be authorised in writing to take part in the examination, and must produce his authority if required. The official receiver takes part in the examination. The trustee may also take part, and the court may put such questions as it thinks proper to the debtor. A creditor may also examine, either personally or by a solicitor. The debtor gives his evidence on oath, and must answer such questions as the court shall put or allow to be put to him. Notes of the examination are taken down and are read over to or by, and are signed by, the debtor, and may, thereafter, be used in evidence against him. They are also to be open to the inspection of any creditor at all reasonable times. When the court is of opinion that the debtor's affairs have been

sufficiently investigated, it must declare that his examination is concluded; but such order cannot be made until after the day appointed for the first meeting of creditors.

If the court is of opinion that the results of the examination are insufficient to inform the trustee as to the bankrupt's affairs, the examination may be adjourned. To bribe or endeavour to bribe the debtor to conceal or suppress any fact which he should bring out is punishable as a contempt of court.

(As to public examination in a small bankruptcy, see SMALL BANKRUPTCIES.)

**PUBLIC LIBRARIES.**—A great advance has taken place of late years in the establishment in towns and villages of free public libraries for the use of the inhabitants, in many cases in conjunction with museums, art galleries, gymnasias, and other institutions for the mental and physical recreation and education of the people. Libraries and their adjuncts may be obtained in various ways, sometimes by the liberality of individual citizens, sometimes under special powers conferred by private Acts of Parliament, but more often by virtue of the provisions of a series of public Acts specially relating to such institutions. The space we are able to devote to this subject will not permit more than a very general survey of the way in which a public library may be provided and maintained, and for the rest we must refer readers to the provisions of the Public Libraries Acts, 1892, 1893, and 1901; the Libraries Offences Act, 1898; the Museums and Gymnasiums Act, 1891, the Technical and Industrial Institutions Act, 1892, and of such measures as the Public Health Acts, 1875 and 1907, and the Local Government Act, 1894. Much relate to the subject.

The first step to be taken is for the council of a municipal borough, or urban district, or the parish meeting of any rural parish, to pass a resolution adopting the Public Libraries Act, 1892, within their area. The resolution must be passed at a meeting called for the purpose, and by the majority of those present and voting. A poll may be demanded in the case of a resolution proposed at a parish meeting, when a bare majority of the parochial electors voting at the poll will be sufficient. If the poll is against adoption, the question cannot be submitted again till after the lapse of a year.

If the resolution is passed, the town council, urban district council, or parish council become the library authority for the district. In parishes not having a parish council, the parish meeting must appoint commissioners to establish and manage the library. The library authority may then proceed to provide all or any of the following institutions, viz., public libraries, public museums, schools for science, art galleries, and schools of art, and for that purpose may purchase and hire land, and erect, alter, and repair buildings, and fit up and furnish them with the necessary furniture, fittings, conveniences, books, newspapers, maps, pictures, specimens, etc.

In a town, the council, by adopting the Museums and Gymnasiums Act, 1891, may also provide and maintain gymnasias. No charge can be made for admission to a library or museum, or in respect of the loan of books from the library, but the authority has a discretion to permit persons not inhabitants of the district to take out books, either gratuitously or for payment.

The expenses will be paid out of the rates, but no more than a 1d. in the £ can be levied for this purpose in any one year; and it is within the power of the authority or the electors, as the case may be, to limit the expenditure to an amount not exceeding a 1d. in the £. Many towns, however, have obtained special parliamentary powers to enable a greater rate to be levied for library and kindred purposes. The authority may make by-laws and regulations for the safety and use of every library, museum, art gallery, or school under their control, and for the admission of the public thereto. These will generally provide for the exclusion of offenders from the benefits of the institution, and for the infliction of a pecuniary penalty; and it may be noted that, in addition, the effect of the Libraries Offences Act, 1892, as extended by the Public Libraries Act, 1907, is to provide that any person who in any library, museum, art gallery, or school provided by the authority, to the annoyance or disturbance of any person using the same, behaves in a disorderly manner; or uses violent, abusive, or obscene language; or bets or gambles; or who, after proper warning, persists in remaining therein beyond the hours fixed for the closing thereof, may, on summary conviction, be fined a sum not exceeding 40s.

In order to check the spread of infectious disease, Section 59 of the Public Health Act, 1907, provides as follows—

"(1) If any person knows that he is suffering from an infectious disease, he shall not take any book or use or cause any book to be taken for his use from any public or circulating library.

"(2) A person shall not permit any book which has been taken from a public or circulating library, and is under his control, to be used by any person whom he knows to be suffering from an infectious disease.

"(3) A person shall not return to any public or circulating library any book which he knows to have been exposed to infection from any infectious disease, or permit any such book which is under his control to be so returned, but shall give notice to the local authority that the book has been so exposed to infection, and the local authority shall cause the book to be disinfected, and returned to the library, or to be destroyed.

"(4) The local authority shall pay to the proprietor of the library from which the book is procured the value of any book destroyed under the power given by this Section.

"(5) If any person acts in contravention of or fails to comply with this Section, he shall be liable in respect of each offence to a penalty not exceeding 40s."

**PUBLIC MEETINGS ACT.**—This is an Act passed in the year 1908, having for its purpose the suppression of disturbances at public meetings, which disturbances had become very common about that time. There is but one section of the Act, and its purposes and the means of accomplishing them are best given by a quotation of the whole of the section, which is as follows—

"Any person who, at a lawful public meeting, acts in a disorderly manner for the purpose of preventing the transaction of the business for which the meeting was called together shall be guilty of an offence, and, if the offence is committed at a political meeting held in any parliamentary constituency between the date of the issue of a writ for the return of a member of Parliament

for such constituency and the date at which a return to such writ is made, he shall be guilty of an illegal practice within the meaning of the Corrupt and Illegal Practices Prevention Act, 1883, and in any other case shall, on summary conviction, be liable to a fine not exceeding five pounds, or to imprisonment not exceeding one month. Any person who incites others to commit an offence under this section shall be guilty of a like offence."

**PUBLIC POLICY.**—This phrase is used with the utmost frequency, though it cannot be said to have any very precise definition, in fact, the courts have repeatedly refused to enunciate a definition, as they have stated over and over again that it is impossible to do so with any chance of finality, seeing the rapid changes of public opinion owing to varying circumstances. In the words of a well-known judge: "Judges are more to be trusted as interpreters of the law than as expounders of what is called public policy." Speaking generally, however, it is agreed on all hands that good government demands the recognition of certain principles which tend towards the advance and welfare of society, and that these principles should be in accord with the accepted ideas of good taste and decency. Anything which is opposed to these principles is said to be contrary to public policy. Thus, certain contracts are held to be contrary to public policy, although they are not necessarily forbidden by statute law. Amongst these may be mentioned covenants in restraint of trade, contracts which are offensive to the accepted standard of morality, those in restraint of marriage, interference with the due course of justice, etc.

**PUBLIC PROSECUTOR.**—This is a public official upon whom is devolved, as his main duty, the taking in hand of all prosecutions which are directed against offenders in matters of great importance, or where it appears probable that there may be great difficulties encountered in the conduct of any particular case. Owing to the burden, as to expense and trouble, imposed upon private individuals in former times in connection with prosecutions, many criminals were allowed to escape in spite of the heinousness of their offences. It was to prevent this that the office of Public Prosecutor was first established in 1879. The duties of the officers were transferred to the Treasury Solicitor in 1884. But now, by the Prosecution of Offences Act, 1908, it is enacted as follows—

"(1) The provisions of Section 2 of the Prosecution of Offences Act, 1884, which unite the office of Director of Public Prosecutions with that of Treasury Solicitor, shall cease to have effect as from a date to be fixed by the Treasury, not being more than one month after the passing of this Act (i.e., June 18th, 1908), and the Secretary of State may appoint the Director of Public Prosecutions, and may also appoint such number of assistant directors as the Treasury sanctions.

"(2) There shall be paid to the Director of Public Prosecutions, and to any assistants so appointed, such salaries or remuneration as the Treasury may determine.

"(3) All such salaries and remuneration, and any expenses incurred in the execution of the duties of Director of Public Prosecutions which are not otherwise provided for, shall be paid out of moneys provided by Parliament.

"(4) A person shall not be appointed to be

Director of Public Prosecutions unless he is a barrister or solicitor of not less than ten years' standing, and a person shall not be appointed to be an Assistant Director of Public Prosecutions unless he is a barrister or solicitor of not less than seven years' standing.

"(5) An Assistant Director of Public Prosecutions may do any act or thing which the Director of Public Prosecutions is required or authorised to do by or in pursuance of any Act of Parliament or otherwise."

It is still quite open for any private person to institute criminal proceedings against an individual, if he is inclined to do so, but the Director of Public Prosecutions has the right to intervene at any stage of the proceedings if he considers that such a course is necessary or expedient.

It may be noticed, incidentally, that in Scotland private prosecutions are practically unknown.

**PUBLIC TRUSTEE.**—The office of public trustee was established by the Trustee Act of 1906, which was passed with the object of getting rid of some of the difficulties experienced by both public bodies and private individuals in securing suitable trustees. Many people do not know what is required and expected of them when they undertake the office of trustee, and, consequently, they make serious mistakes and incur personal liability, while others who shirk the responsibilities of the office refuse to undertake them.

Frequent losses of trust property have taken place through the ignorance, negligence, or fraud of trustees, and the beneficiaries have been unable to obtain any redress because the defaulting trustee has absconded or is worth nothing. Numerous cases of great hardship have occurred in this way.

Many trusts, again, are intended to last for a great many years, and the trustees originally appointed (in whom the testator or settlor had confidence) become old and die long before the determination of the trust, and it is not easy to find persons suitable and willing to act in their place. To meet difficulties of this kind a Public Trustee was established many years ago in New Zealand, and, as the experiment met with beneficial results, it was thought desirable that a similar institution should be founded in England. Accordingly, after several Bills dealing with the subject had been brought into Parliament, the Act of 1906 was eventually passed. It came into operation on January 1st, 1908, and provides for the appointment of a Public Trustee, who is a corporation sole with perpetual succession. If, therefore, the individual who holds the office dies, a successor takes his place in due course, and in him vests, without any application to the court, or transfer or assignment of the trust estate, all the rights, privileges, and duties of his predecessor in office.

The Public Trustee has an official seal, and may sue and be sued like any other corporation sole. He may act in the administration of estates of small value, and may act as an ordinary trustee, or a judicial trustee, or a custodian trustee, or as administrator of a convict's property. He may act either alone, or jointly with any person or body of persons, and has the same powers, duties, and liabilities, and is entitled to the same rights and immunities, and is subject equally to the control and orders of the court, as any private trustee. He is not bound to accept any or every trust. He can decline to accept a trust either absolutely or except upon specified terms and conditions. There is,

however, a provision that he may not refuse to accept a trust merely on the ground of the small value of the trust-property. Certain trusts he is not allowed to accept, e.g., a trust exclusively for religious or charitable purposes, a trust under a deed of arrangement for the benefit of creditors, the administration of an estate known or believed by him to be insolvent, or a trust which involves the management or carrying on of any business, except in the cases in which he may be authorised by rules made under the Act. One of the rules under the Act provides that the Public Trustee may, if he thinks fit, accept as ordinary trustee, under exceptional circumstances, a trust which involves the management or carrying on of any business, but upon the condition that, except with the consent of the Treasury, he shall only carry it on for a short time (not exceeding eighteen months), with a view to sale, disposition, or winding-up, and without any risk of loss.

**Administration of Small Estates.** In the case of small estates of less value than £1,000, the public trustee, on the application by any person who is entitled to an order for the administration by the court (e.g., a legatee, devisee, next-of-kin, heir-at-law, executor or administrator, or creditor), if the persons beneficially entitled are persons of small means, must, in the absence of some good reason for refusing, administer the estate. When he undertakes to administer the estate by a signed and sealed declaration in writing, the trust property other than stock, and the right to transfer or call for the transfer of any stock forming part of the estate, immediately vest in him. And from the time of such vesting, any trustee entitled under the trust to administer the estate is discharged from all liability attaching to the administration, except in respect of past acts. But the Public Trustee may not exercise the right of himself transferring the stock without the leave of the court, and with regard to copyhold land he has the like powers as if he had been appointed by the court (under Sec. 33 of the Trustee Act, 1893) to convey the land. For the purpose of the administration of an estate, he can exercise all the powers of a Master in Chancery Chambers, and can take the opinion of the High Court on any question arising in the course of an administration, without judicial proceedings. The High Court has power where proceedings are taken before it to administer an estate of small value, to order it to be administered by the Public Trustee, if it appears that it can be administered more economically by the latter than by the court, or if for any other reason it is expedient to transfer it to the Public Trustee for administration.

As to fees, there is a fee payable on acceptance of the trust or making of the order by the court at the rate of 30s. for every £100 gross capital value of the estate. A fee of 10s. per cent. is payable on withdrawal of the capital, whether upon distribution among the beneficiaries or otherwise. There is a minimum acceptance fee of £10 where the value of the estate does not exceed £500, and a minimum fee of £15 where such value exceeds £500.

**Custodian Trusteeships.** The Public Trustee may, if he consents to act, be appointed custodian trustee of any trust by the testator, settlor, or creator of the trust, or by the person having power to appoint new trustees, or by order of the court. If he consents to act, he becomes the statutory caretaker of the trust funds, securities, and documents of title, the trust property is

transferred to him as if he were sole trustee, but the management of the trust property and the exercise of any power or discretion exercisable by the trustees under the trust is vested in the **managing trustees** (i.e., the trustees other than the custodian trustee), who are entitled to have free access to the securities and documents of title, and take copies thereof or extracts therefrom. The custodian trustee must concur in all acts necessary to enable the managing trustees to exercise their powers of management, unless such concurrence involves a breach of trust. All sums payable to or out of the income or capital of the trust property must be paid to or by the custodian trustee, but he may authorise the managing trustees or such person as they may direct to receive it, and in that case he is not answerable for any loss or misapplication thereof. The power of appointing new trustees rests with the managing trustees, but the custodian trustee has the same power as they have of applying to the court for the appointment of a new trustee. Provided he acts in good faith, he is not liable for accepting as correct, and acting upon the faith of, any written statement by the managing trustees as to any birth, death, marriage, or other matter of relationship, or other matter of fact upon which the title to any part of the trust property may depend. The court has power to terminate the custodian trusteeship on proof that the beneficiaries desire such termination, or that it is expedient on other grounds. The provisions with regard to the custodian trustee apply not only to the Public Trustee, but also to any banking, insurance, guarantee, or trust company, or friendly society, and any other body corporate established for charitable or philanthropic purposes, as may be approved by the Public Trustee and the Treasury, and such company or body corporate is entitled to charge and retain or pay out of the trust property fees not exceeding the fees chargeable by the Public Trustee as custodian trustee.

When the Public Trustee acts as custodian trustee, there is payable, on his acceptance of office, a fee graduated according to the capital value of the estate, the rate being 15s. per cent. if the capital of the estate does not exceed £5,000. A fee of 5s. per cent. is payable on withdrawal of the fund.

**Ordinary Trusteeships.** The Public Trustee may be appointed to perform the duties of an ordinary trustee under any will, settlement, or other instrument creating a trust, either as an original or substituted or additional trustee, and though the original trustees were two or more, the Public Trustee may be a sole trustee, and while the Public Trustee is appointed a trustee, a co-trustee may retire from the trust, although the number of continuing trustees may not be two or more. When it is proposed to appoint the Public Trustee as a new or additional trustee, notice must be given to every person in the United Kingdom who is beneficially interested in the trust, and if any of them object, he may apply to the court within twenty-one days after receiving notice for an order, and the court may, if it is expedient so to do in the interests of the beneficiaries, make an order, prohibiting the appointment of the Public Trustee. Where the will, settlement, or deed of trust contains a direction to the contrary, the Public Trustee cannot be appointed a trustee except by an order of the court.

Probate of a will or letters of administration may

be granted to the Public Trustee, and he is entitled in law equally with any other person or class of persons to obtain the grant of letters of administration, but the consent or citation of the Public Trustee is not required for the grant of letters of administration to any other person; and as between the Public Trustee and the widower, widow, or next-of-kin, the widower, widow, or next-of-kin is to be preferred, unless for good cause shown to the contrary.

Even after an executor has obtained probate, or an administrator has obtained letters of administration, and has acted in the administration of the deceased's estate, he may, with the consent of the court, and after giving due notice to the persons beneficially interested, transfer the estate to the Public Trustee for administration, either solely or jointly with the continuing executors or administrator, if any. And after the order of the court sanctioning such transfer to the Public Trustee, the executor or administrator is not liable for any act or default in reference to the estate other than the act or default of himself or those for whom he is in law responsible.

The great advantage of employing the Public Trustee is the guarantee of the State to make good any liability which he, if a private trustee, would be liable to make good. Except where the liability is one to which neither the Public Trustee nor any of his officers has in any way contributed, and which neither he nor any of his officers could by the exercise of reasonable diligence have averted, the Consolidated Fund of the United Kingdom is liable to make good all sums required to discharge any liability of the Public Trustee. This State guarantee is of the greatest value to the beneficiaries—with this guarantee there can be no fear of loss arising from the unauthorised investment, or misappropriation, of trust funds, or from the impunctuality of the trustee.

With regard to fees, the fee payable on the Public Trustee accepting office is graduated according to the amount of the estate, the fee being 20s. per cent. on the first £5,000, and less for larger amounts.

During the war of 1914-1918 the Public Trustee was made trustee and receiver of alien enemy property and this work considerably increased his duties. Deputy trustees have now been appointed in large centres, e.g., Manchester.

The fees chargeable by the Public Trustee are to be arranged from time to time, so as to produce an annual amount sufficient to discharge the salaries and other expenses incidental to the working of the Act and no more.

In addition to the fees specified previously in this article, there are income fees and management fees. The former is assessed on the gross annual income of the trust property without deduction of income tax or other outgoings. The minimum income fee is 1s. per cent. on income up to £2,000, and 10s. per cent. on the excess. Management fees are charged upon investments by way of mortgage, upon the purchase or sale of securities, land, etc. The rates vary from 3s. per cent. to 10s. per cent. on the amount involved. Full particulars of these fees can be obtained from the Public Trustee's Office, Kingsway, London, W.C. 2, or from the Deputy Public Trustee, Albert Square, Manchester.

Neither the Public Trustee nor any of his officers may accept any fee or reward, except those provided by the Act and the rules made thereunder.

Any person aggrieved by any act or omission or decision of the Public Trustee in relation to any trust may apply to a judge of the Chancery Division in Chambers, who will make such an order in the matter as he thinks just.

Subject to the rules made under the Act, the Public Trustee may employ such solicitors, bankers, accountants, and brokers or other persons as he may think necessary, and in determining the persons to be so employed, he must primarily have regard to the interests of the trust, but subject to this, he must, whenever practicable, consider the wishes of the creator of the trust, and of the other trustees (if any) and of the beneficiaries, either as expressed, or as implied by the practice of the creator of the trust or in its previous management.

Any trustee or beneficiary has the right, subject to the rules under the Public Trustee Act, and on application being made and notice given in the prescribed manner, to have the condition and accounts of any trust investigated and audited by a solicitor or public accountant who may be agreed upon by the applicant and the trustees, or in default of such agreement, by the Public Trustee, or some person appointed by him.

Except with the leave of the court, no such investigation or audit may take place within twelve months of a previous investigation or audit, nor may a trustee or beneficiary be appointed to conduct the investigation or audit. The remuneration of the auditor and the other expenses of the investigation and audit are in accordance with the rules prescribed by the Act, and are borne by the estate, but the Public Trustee has power, in the exercise of his discretion to order the expenses to be borne wholly or partly by the trustees or applicant, or by both. The auditor so agreed upon or appointed has the right of access to the books, accounts, and vouchers of the trustees, and to any securities and documents held by them on account of the trust, and can require them to give such information and explanation as may be necessary for the performance of his duties. When he has completed his investigation and audit, he must forward to the applicant and every trustee a copy of the accounts and also a report thereon, and a certificate signed by him stating that the accounts exhibit a true view of the condition of the affairs of the trust, and that the securities of the trust fund investments have been produced to and verified by him, or that (as the case may be) the accounts are deficient in such respects as are specified in the certificate.

Upon an application in writing by or with the authority of any person interested in the trust property, the Public Trustee will (1) permit the applicant or his solicitor, or other authorised agent, to inspect and take copies of any entry in any register relating to the trust or estate, as far as the interest of the applicant in the trust-property is or may be affected thereby; of any account, notice or other document in the custody of the Public Trustee, (2) at the expense of the applicant, supply him or his solicitor or other authorised agent with a copy of any such entry, account, or document as aforesaid, or of any extract therefrom; and (3) give to such applicant or his solicitor, or other authorised agent, such information respecting the trust or estate and the trust-property as shall be within his power. But, except as aforesaid, the Public Trustee must observe strict secrecy in respect of every trust or estate in course of administration by him. The above regulations as to giving

inspection and copies of documents and other information by the Public Trustee apply also to the auditor agreed on by the applicant and trustees, or appointed by the Public Trustee. The auditor may be removed by order of the court, and if he is removed or resigns, or dies, or becomes bankrupt, or incapable of acting before the investigation and audit is completed, a new auditor may be appointed in his place in like manner as the original auditor. It is a criminal offence punishable on indictment with imprisonment for a period not exceeding two years, and, on summary conviction, for a period not exceeding six months to make wilfully a statement that is false in any material particular in any statement of accounts, report, or certificate required or given for the purpose of the audit and investigation of the trust accounts.

**PUD.**—(See FOREIGN WEIGHTS AND MEASURES—RUSSIA.)

**PUERTO RICO.**—(See PORTO RICO.)

**PUISNE.**—This word signifies younger or junior, and is derived from an old French word, *puinè*, which is itself the form of two other French words, viz., *puis*, "after," and *né*, "born." The English pronunciation of the word is *pū'ne*. It is now only used in a legal sense, and a puisne judge means one of the judges of first instance in the High Court of Justice—in any of the three divisions (see HIGH COURT)—as distinguished from the judges, called Lords Justices (*q.v.*), of the Court of Appeal. Since the Lord Chief Justice and the President of the Probate, Divorce, and Admiralty Division are *ex officio* members of the Court of Appeal, neither of them is a *puisne* judge.

**PULSE.**—The edible seeds of leguminous plants, e.g., peas, beans, lentils, etc.

**PULU.**—A brown, silky fibre obtained from the stalks of the *Cyathium glaucum* and other tree ferns found in the Sandwich Islands. It is used for stuffing mattresses and furniture, and is also employed in continental surgery as a styptic.

**PUMICE STONE.**—A hard, porous substance, generally greyish in colour, composed of froth-like lava, of which the chief constituents are silica and alumina. Its chief use is as a polishing and cleansing material for metal, glass, marble, lithographic stones, etc.; but it is also applied for the purpose of smoothing uneven surfaces, e.g., the skins used in preparing parchment (*q.v.*). The Lipari Islands, in the Mediterranean, supply the best pumice stone, but a small quantity, of brownish colour, is also obtained from the Canary Isles.

**PUMPKIN.**—A plant belonging to the gourd family, and cultivated in all temperate regions for the sake of its large, fleshy fruit. The latter is useful, not only for human consumption, but also as a cattle food.

**PUNCHEON.**—This is a liquid measure, equivalent to eighty-four gallons.

**PUNCTUATION.**—The word "punctuation" is derived from the Latin word *punctum* (a point). Points or stops are used in literary composition, in order to mark off sentences or parts of sentences, so as to make clear to the reader the meaning of a set of written words. Stops are also placed where pauses would be made in reading, but some authorities prefer pointing on a grammatical basis.

A sentence is a complete thought expressed in words, and its sense or meaning should determine the punctuation. Though it does not always indicate the best breathing places, grammatical pointing

rests on the sense of a sentence. The kind of point to be used and its position are determined by the structure of the sentence.

Modern writers do not use as many points as the writers of a century ago. This is because ponderous Latin constructions, with their heavy pointing, have given way to more English forms of expression. As the English sentence is both shorter and simpler, heavy pointing is not necessary. Clearness of expression must be the aim; and if this can be accomplished without stops, stops must not be used.

Since the practice of printers and writers varies considerably, it is impossible to state exactly all the uses of the various points. The growth of modern punctuation is mainly due to the ingenuity of the printers, who adopted the dots of the Greek grammarians, though with different significance.

The term "period" used to mean the whole sentence, whilst the terms "colon" and "comma" meant a longer or shorter part of it respectively.

The chief punctuation marks are the following—

|                       |               |
|-----------------------|---------------|
| Full stop or period   | ( . )         |
| Colon                 | ( : )         |
| Semicolon             | ( ; )         |
| Comma                 | ( , )         |
| Inverted commas       | ( ' ' , " " ) |
| Mark of interrogation | ( ? )         |
| Mark of exclamation   | ( ! )         |
| Parenthesis           | ( ( ) )       |
| Dash                  | ( — )         |

**The Full Stop or Period** (Greek, *peri*, about, and *hodos*, a way or path)

(a) Its chief use is to mark the close of a sentence which is neither a question nor an exclamation.

(b) It is used after abbreviations—

Dr. Brown, Mr. Jones; e.g., for *exempli gratia* (for the sake of example); i.e., for *id est* (that is). Esq., M.D., R.S.V.P.

Only one stop is put after an abbreviation at the end of a sentence, e.g.,

He has returned the MS.

(c) Roman numerals are treated as abbreviations, and are followed by the full stop—

George V., Chapter XX, Lesson IV.

(d) Arabic figures denoting the number of a paragraph take the full stop.

(e) Incomplete sentences are sometimes followed by the full stop—

In the solitude of the desert were things he had not reckoned on. Sable night with its peculiar terrors. Plains immense and fiery. The armies of desolation well-nigh overthrew him.

**The Colon** (Greek, *kolon*, a limb or a member)

(a) The colon separates parts of paragraphs. It shows that the structure of a sentence is complete, but that something which is grammatically independent is added, to give more force to the sentence.

Patience and application will bring success: these qualities should be cultivated.

(b) An important use of the colon is to introduce quotations, explanations, and illustrations.

A colon, followed usually by a dash, may introduce a quotation—

I like Shakespeare's version of the matter better:—"Hath Britain all the sun that shines?" etc. (Hazlitt)

Enumerations are similarly introduced.

I ordered the following goods:—Butter, cheese, ham, and eggs.

**The Semicolon.** The semicolon is used in a sentence consisting of two or more grammatically independent clauses, when there is a sharp turn in the thought. It is very often used where a comma would do quite as well.

(a) A semicolon marks off co-ordinate sentences, consisting of two or more parts—

I raise this analysis of the Tempest in my text; but it is nothing but a hurried note, which I may never have time to expand. (Rushin.)

If the word "but" was omitted, a colon would be put after the first sentence.

(b) Co-ordinate clauses which are themselves divided by commas, are separated by semicolons—

As I am a man, I love him; as I am a scholar, I hate him; as I am a Briton, I calmly wait his fall. (Hume.)

(c) A series of contrasts should be marked off by semicolons—

Sir Robert Walpole, Prime Minister of Great Britain, is a man of ability, not a genius; good-natured, not virtuous; constant, not magnanimous; moderate, not equitable. (Hume.)

(d) Reasons are preceded by semicolons—

It was not his fault, for he had done his best to overcome the difficulty.

(e) Parts of a sentence which depend on a common clause are preceded by semicolons—

I was to do many small things without bidding, to carry the corkscrew; to stand godfather to all the butler's children; to sing when I was bid; to be never out of humour; always to be humble; and, if I could, to be very happy. (Goldsmith.)

**The Comma** (Greek, *komma*, a part cut off). The comma marks the least pause, and in long sentences the use of the colon and semicolon depends on the use made of the comma. The stronger points are used where the comma would be employed in simple sentences.

The comma is used with words as follows—

(a) To show the omission of a word—

To err is human, to forgive, divine.

(b) To separate responsive, connective, and absolute adverbs—

No, my friend.

Finally, my brethren

Fortunately, the error was found out.

(c) To give emphasis to a word—

I pray you, go.

(d) To separate pairs of words—

Young men and maidens, old men and children, praise the name of the Lord. (O. T.)

(e) To separate a series of nouns, adjectives, verbs, or adverbs—

Nouns. Wagoners, coachmen, and postillions have principles by which they give way. (Elton)

Adjectives. It is shy, sensitive, the reverse of everything coarse, vulgar, offensive, and commonplace. (Hazlitt)

Verbs. The prince was hanged, drawn, and quart red.

Adverbs. He worked carefully, patiently, and well.



The apostrophe marks elisions—

All's lost. Can't, I'd, 'us.

The apostrophe is put before the "s" of the possessive case.

The difference between one prelate's sermons and his successor's—or between one physician's opinion and another's. (Ruskin)

It is also used to denote the plurals of letters—  
Cross your t's; dot your i's

[N.B. This is sometimes objected to, and many writers use ts, is, etc., though this often is a cause of inconvenience.]

The use of the comma in simple sentences.

(a) To separate a noun in apposition from the word to which it refers—

Mr. Green, the deputy-clerk, turned very red.

(b) To separate the nominative of address and the nominative absolute from the rest of the sentence—

Friends, Romans, countrymen, lend me your ears

The morning being fine, we went to Hampton Court.

(c) To mark off adverbs and adverbial phrases coming between the subject and the predicate—

The thief, however, made good his escape

The youth, in spite of this warning, climbed the peak.

(d) If the subject has an attributive phrase consisting of many words, a comma is put before the verb—

The evidence given by the last witness for the defence, gave a fresh turn to the case.

But this is not always followed. The opinions of writers differ greatly on the subject.

(e) The comma is put before and after participles and participial phrases which have the force of subordinate clauses—

The wind, blowing strongly up the channel, drove the ship on the rocks

(f) A long phrase, doing the work of a noun, may be marked off by a comma—

To be guilty of gross carelessness at such a time, was disgraceful.

(g) The comma marks off quotations from the words introducing them—

"A bird in the hand," they say, "is worth two in the bush"

Short co-ordinate sentences are divided by commas—

Godfrey made no reply, and avoided looking at Nancy very markedly (Eliot)

In complex sentences, the comma marks off the subordinate clause, unless the limit of the clause with the word it refers to, has to be maintained.

(a) Noun clause

That he should have sailed round the world, was a great triumph.

If the noun clause follows the principal sentence, the comma is omitted.

He said that he was coming.

(b) Adjectival clause.

The general, who had ascertained the position of the enemy, ordered a general advance.

The book that I bought is soiled.

Then he that had received the five talents went and traded with the same. (N. T.)

(c) Adverbial clause.

As soon as he saw the policeman, he went away. The boy went when he saw the policeman.

To smile, when fortune frowns upon you, is hard work.

(d) Before or after quotations which form the subject or object of a sentence—

Then saith He to the disciple, "Behold thy mother."

**Inverted Commas** are used to mark off direct quotations from the passages in which they occur. They may enclose a word, a phrase, a sentence, or a paragraph. A quotation within a quotation is marked off by single inverted commas—

The "why" is plain as way to parish church (Shakespeare.)

"Father," said Eppie, clasping his arm, "what's the matter?" (Eliot)

Is this the quotation you want: "An ill-favoured thing, but mine own"? (Note the question mark after the closing commas)

"Later in the day," continued the dealer, "your command, 'Sell at once,' was received."

**The Note of Interrogation, or Question Mark,** is used in direct questions. Rhetorical questions take the question mark, though they are in the nature of exclamations. Indirect questions do not take the question mark.

He asked if he could come.

Alas the day! what shall I do with my doublet and hose? What did he when thou sawest him? What said he? How looked he? Wherein went he? Where remains he? How parted he from thee? And when shalt thou see him again? Answer me in one word. (Shakespeare)

**The Point of Exclamation** is used after apostrophes, and expressions of wishes and emotions

O Tiber! Father Tiber! to whom the Romans pray.

May every happiness be yours!

Alas! Alack!

Andrew Fairservice! Andrew! fool!—ass! Where are you? (Scott.)

**Parenthesis** (Greek, *para*, beside, *en*, in; and *thesis*, a placing) This sign separates phrases or clauses which do not form part of the structure of the sentence—

They are often (though not always) of the same kind.

He praised (as he generally does) the smartness of the soldiers.

Two dashes, one before and one after the interpolation, may be used—

And that other child—not on the hearth—he would not forget it. (Eliot.)

Brackets separate interpolated words—

Iconoclasm [image-breaking] is easy enough.

**The Dash.** (a) The dash is used to indicate definitions, explanations, and illustrations—

Boys will read many books—mainly fiction.

(b) It is used to show that a thought has been left unfinished—

I will have such revenges on you both,  
That all the world shall—I will do such things—  
What they are yet I know not. (Shakespeare).

(c) It collects a scattered subject—

Wife, children, friends—all have forsaken me.

(d) It indicates omissions, pauses, hesitation, etc. :

Mr. —, of — Place.

Your brother—no, no brother ; yet the son—  
Yet not the son, I will not call him son

(Shakespeare)

**The Hyphen.** The hyphen, a shorter stroke than the dash, is used—

(a) To divide words into syllables.

Contract, con-tract, not contr-act.

Describe, de-scribe, not des-cribe.

(b) To connect parts of a word divided at the end of a line.

(c) To prevent the fusion of two adjacent vowels—

Co-operation, pre-eminent

(d) To connect two or more words, to form a single compound—

Man-of-war, business-like, non-existent

As I say, Mr. Have-your-own-way is the best kind of husband.

**The Diaeresis** is sometimes used to show that two adjacent vowels are to be sounded separately—  
acicate, coopera<sup>ti</sup>on.

**The Caret** ( ^ ) (Latin, *careo*, I am wanting) was called by Cobbet, the blunder-mark. It indicates that a word which had been left out has been put in above

**Asiisks** ( \* \* \* \* ) denote the omission of a considerable number of words, as when the beginning and the end of a passage are quoted—

Mighty seaman, this is he

Was great by land as thou by sea

\* \* \* \* \*

This is he that far away

Against the myriads of Assaye

Clash'd with his fiery few and won

(Tennyson)

**PUND.**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK, SWEDEN)

**PUR AUTRE VIE.**—Old French, meaning "during the life of another person." When an estate is devised to a person in such a manner that his interest in the same is to last so long as another person shall live, he is said to have an estate *pur autre vie*

**PURCHASE BOOK.**—This is one of the subsidiary books or books of original entry used in book-keeping, in which are entered all goods bought on credit. In addition to being called the "Bought Book" and "Bought Day Book," which terms are self-explanatory, it is also termed the "Invoice Book," owing no doubt to the fact that the bought invoices are copied into it, sometimes in detail, sometimes in total. Cash purchases are best dealt with in the cash book alone, though the practice of entering them in the bought book as well in order to post the purchases in one total to the purchases account, still obtains. The rulings vary from the ordinary two columns for details and total respectively to the several columns in use in those businesses where, owing to the complexity of the transactions, analysis becomes imperative. If the system of book-keeping is to furnish really satisfactory information.

**PURCHASE RETURNS BOOK.**—This book, called also "Returns Outwards Book," is a book

of original entry used in book-keeping, in which are recorded all returns of goods bought. The reason for return may be that the goods are of the wrong kind, or not up to sample, or because they are damaged. The ruling of the book will naturally be identical with the ruling of the purchases book. Allowances claimed for breakages, short weight, overcharge, etc., are usually dealt with in the same book.

**PURCHASING DEPARTMENT, ORGANISATION OF.**—The purchasing department is an essential part of a modern business organisation. In big businesses the purchasing department may be organised with a staff and in premises quite separate from those of the rest of the business. Many of the big manufacturing businesses in the North of England, for instance, have their purchasing departments in London, and so also do all important drapery establishments. Such departments are in the charge of a highly skilled and much experienced man, frequently one of the directors of the firm and commonly known as the purchasing agent. The term "agent" is used because in some lines of business what is known as agent's commission is granted by sellers, and this commission may pay a large share of the expenses of the purchasing organisation.

**The Work of the Purchasing Agent.** The purchasing agent has to take a large view of his firm's business. It is elementary that he should buy what is required of suitable quality and the lowest price, but questions of quality and price are often left to his subordinates who have a technical knowledge of commodities which their chief may not possess. The chief duty of the P.A. is to see that there is a steady inflow of the raw materials and supplies which are needed in the factory, storeroom, or warehouse. He organises his department, therefore, so that it is in touch with all normal sources of supply for the trade concerned. He lets it be known in a general way what his requirements are and consequently he receives good offers for either immediate or future delivery. In addition to routine purchases he is ready also to deal with emergencies. When the market is restricted or when his factory calls for extra quantities he knows where to look for reserves. The practice is growing up in big businesses of making forward contracts for raw material in quantities and prices fixed for years ahead. This is to prevent interruption of supply. A daily newspaper, for instance, using, perhaps, hundreds of tons of paper per week, needs to be safeguarded against any possible stoppage of the inflow of its raw material. Contracts are therefore made and options secured on output in more than one market. An extension of this idea is seen in the frequent purchase by a manufacturing firm of raw materials at their source. A steel manufacturer will own an iron mine, a wood-working firm will buy growing timber in forests overseas, a tea merchant will buy a tea plantation in Ceylon. In such cases the P.A. is much more than a mere buyer, he becomes the controlling mind of subsidiary undertakings. He earns to a close degree of approximation what is required. He studies the markets and the movements of prices. If he foresees a shortage, he buys heavily. If he suspects that his firm's requirements may diminish, he ceases to buy ahead.

**Routine Purchasing.** Much of the work of a purchasing department is of a routine character.

The needs of manufacturing departments are known. Requisitions for raw material or supplies come to the P.D. and are sanctioned by the chief purchasing clerk. The issue of orders and forwarding instructions are matters of routine. Even the renewal of existing contracts is often a routine operation. The factory must have so many tons of coal. The quantity required is obtained through regular channels. But if the purchasing agent is informed, say, that new machinery being put in is to be run on producer-gas or oil, he gathers the necessary information relative to the new requirements. The purchasing of supplies, that is, of things needed for the running of the factory, such as lubricants, tools, cleaning materials, when needed on a large scale, is regarded as a special branch of purchasing and is linked up with the administrative work of each department. With regard to the purchase of raw materials, it is the factory manager who sends in the requisition and the purchase may involve a matter of policy decided by the board of directors, but the purchase of supplies may originate at the desk of a foreman. Sometimes foremen are allowed to make direct purchases, for which vouchers are forwarded to the costing room. So, also, department heads may make direct purchases. The most approved method, however, is for all requisitions to go to the stock-room clerk who reports them to his superior. The stock rooms are, of course, under the control of the purchasing department. The stock-room clerk has instructions to maintain not more than a fixed maximum quantity, and not less than a fixed minimum quantity of the materials he handles. Detailed requisitions come to him and he sends on bulk requisitions to his chief.

**Estimating and Quotations.** The work of the estimating, specification, and quotation clerks is also allied with the purchasing departments. An inquiry for a complicated job may come in. The materials required for it are ascertained and priced. If approved, a precise specification of everything required for the new job is prepared. Inquiries for products of standard quality may not require an estimate. The selling price of steel rails, for example, may depend on the cost of production, which is known, and on the cost of the metal, which varies. The quotations clerk knowing the current price of steel, can furnish the selling department with the information required.

In a large business the testing of purchased material is organised on an extensive scale. Chemists, physicists, and metallurgists determine the qualities of materials to be used for different purposes. They lay down standardised specifications and decide within what limits there may be variations. The purchasing orders incorporate these specifications and as each new batch is delivered new tests are made. But purchases are sometimes made without these precautions. A purchasing agent of judgment and experience may buy without even seeing a sample or knowing the price. He may not even specify the exact quantity required. A word over the telephone may make a bargain and the details are fixed subsequently. Purchases are often also made without regard to delivery. These are really "options." An order may be given for fifty thousand tons of coal, and the actual delivery be made to another firm. A purchasing agent is sometimes tied down to purchase from certain quarters. His firm may hold shares in some allied concern. One of his own firm's

departments may produce what is required in another department. His own stock room may be so organised that it is regarded as a separate undertaking from which the departments obtain supplies at a price which covers the cost of administration.

**Purchase Department Documents.** In all cases the routine of the requisition order form is observed. Before any goods can be obtained by anyone a set of documents produced by one operation of the typewriter is made out. Each copy has its own work to do. One is the actual order duly signed and sent to the source of supply. It gives full details of what is required as to quantity and price, and includes delivery instructions. The second copy, signed through a carbon sheet, includes departmental instructions. This is filed in the purchasing department, so that any queries that may arise can be settled, and so that the purchasing agent may know what goods are on order and not yet delivered. A third copy, with the prices, goes to the counting house where it is compared with the incoming invoice, when received, for the purchasing department is not normally concerned with payment. A fourth copy, without either quantities or prices, goes to the receiving office, and on it the receiving clerk enters the quantities as checked on arrival. A fifth copy may go to the department requiring the goods so that it may be known that the requisition has gone through and that the goods may be expected on the date noted. A sixth copy may go to the stock-room clerk. Other copies, if required, may be filed by name, subject or date to facilitate reference. Thus all the parties concerned have their information accessible and can communicate with the purchasing department either to accelerate or to retard delivery, or, perhaps, to vary or cancel the instructions. Until the receiving clerk has checked his copy of the order form, the purchasing department is responsible. If the goods do not arrive the purchasing department makes inquiries. If the quantity is short or the quality defective the purchasing department sees that the matter is adjusted. If it is necessary to make special arrangements for collecting the goods in the firm's own vehicles, the traffic department is warned. All these proceedings are of a routine character, and it is seldom that the chief of the department has to concern himself with them. He has his department so organised that things work smoothly, surrounding himself with the right type of men for each function or operation.

**Control of Purchases.** The purchasing agent controls his department by means of summaries and reports from his own record clerk. The board of directors may have laid it down, for instance, that the value of goods on outstanding orders is not to exceed a given amount without sanction of the board. His knowledge of the requirements of a manufacturing department may tell him that its needs are more urgent than usual. He accordingly alters the routine. He may notice that one department is not ordering or requisitioning for its normal quantities. This leads him to inquire, look ahead, and modify his schedules. He may learn that in a few months' time some kinds of raw material may be unobtainable. He discusses the matter with the factory manager and either discovers a new source of supply or the factory manager agrees to take a substitute. The organisation of the purchasing department, in fact,

fits into the whole scheme of things. On the one hand, it is in touch with standardised processes of production, which seldom vary, but the rate of action of which is accelerated or retarded. On the other hand, he deals with the incalculable factors of human nature. He may be up against calamity, rivalry, a world shortage, or a monopoly. He and his staff therefore need to be well informed, alert, progressive, and able to deal with any emergency.

**Retail Buying.** The purchasing of goods to sell again in a retail business is organised on a basis quite different from that of a manufacturing business. In a retail business which seldom or never extends its operations, buying is subsidiary to stock keeping. The manager of the establishment needs to have on hand just enough to satisfy the normal demands of his customers. Experience teaches him how much to carry in stock according to season, or according to the keeping qualities, and the purchasing of fresh supplies means hardly anything more than filling in an order form. In retail businesses, where the lines of goods on sale are constantly changing, the purchasing function is carried out departmentally by the chief salesman, who, by tradition, is commonly called the "buyer." Such a buyer needs much judgment and experience. He buys to please his customers or potential customers. He has to know how far his selling staff has the capacity to dispose of new lines of goods. He has to guard against buying too little of a line of which more might be easily sold, or too much of a new line which may be difficult to introduce and may quickly go out of fashion. In the retail business, therefore, periodical "sales" are customary or some device is adopted to clear the shelves of slowly moving goods. When "sales" are an essential part of the policy of the business, goods are often bought specially for the sale season.

A retail buyer is daily beset by travellers who offer special lines, and he has to be ready to meet the attacks of men specially skilled in salesmanship, and who may know much more about a commodity than he can possibly know himself. A retail buyer, therefore, who is not in touch with modern methods, and who has not installed some elementary purchasing system to guide his actions, frequently makes himself purposely inaccessible to travelling salesmen, or he lets it be known that he can only see travellers at a certain hour on a certain day. In big retail establishments this empirical and almost autocratic personal authority of the departmental buyer is seriously modified. A provincial draper, for instance, will have a buying office in London, and, perhaps, also in Paris. Here groups of buyers meet periodically and discuss their requirements with a purchasing committee of the board of directors. This kind of organisation is sometimes extended to cover a group of firms in different towns who pool their requirements and organise a small subsidiary limited company, which secures recognition as a wholesale house and can obtain supplies at the lowest prices direct from manufacturer. For there are still many manufacturers in the textile trade who refuse to deal direct with the retailer. They sell their lines in bulk to wholesale houses, which in turn pass them on in smaller quantities to tailors and drapers. This method tends to break down with the advent of the branded fabric.

**Indenting.** Purchases from overseas, both wholesale and retail, are sometimes made from travellers, who make long trips abroad. Occasionally an overseas buyer visits the home market. There are commercial hotels in many big cities which are the recognised headquarters of such visitors, and in some industries there are periodical seasons—as, for instance, the wool and fur sales—when buyers foregather from all parts of the world. Most routine purchases from abroad pass through indenting houses. These are firms with branches or agents abroad and head offices in London, New York, etc., who undertake to purchase according to instructions, or indents, received, and on the best prevailing market conditions. They carry no stocks, but frequently possess or are allied with packing establishments where multitarious lines of goods are assembled and dispatched. The relations between an indenting house and its customers are on a most confidential basis. The indenting house does seek out the very best sources of supply, and manufacturers know that faulty deliveries or bad services will not be tolerated. The indenting house charges a fixed commission, guarantees payment to the supply house, and draws bills of exchange on its overseas customers. In a few cases indenting firms are also warehousemen, establishing depots for stocks of standard lines in various foreign and colonial ports.

**PURPURINE.**—A red colouring matter obtained from the madder root. It has rapidly declined in importance since the introduction of the aniline dyes.

**PURREE.**—A yellow dye prepared from the urine of cattle which have been fed on mango leaves. It is used in India.

**PURSER.**—The person appointed by the master of a ship or vessel, whose duty it is to take care of the ship's books, in which everything on board is inserted, as well as the names of mariners and the articles of merchandise shipped. Pursers in the Navy are now called paymasters.

Also the person who has the management of a cost-book mining company (See COST BOOK SYSTEM).

**PUT.**—This is a Stock Exchange term, shortened from put option, implying the right, in consideration of a certain premium paid, to sell at a given price and within a fixed time stocks, shares, or other commodities. The profit to be derived will depend upon the movement of the market, and the loss, if any, is limited to the amount of the premium.

The opposite of a put option is called a call option. Each is known as a single option. When an operator has the right to buy or sell according as the market price rises or falls, he is said to have a put and call, or a double option. (See OPTIONS.)

**"PUT" AND "CALL."**—(See OPTIONS.)

**RUTCHUK.**—The root of a plant, found on the mountain slopes of Cashmere, and exported from India to China. It has an odour resembling that of the orris root, and is mainly used as an incense.

**PUTTY.**—A cement used chiefly by glaziers for fixing glass panes. It usually consists of fine whitening mixed with linseed oil, but the former ingredient is sometimes replaced by powdered chalk, and white lead may be added to improve the quality of the mixture. Ochre, lampblack, and other pigments are used as colouring matter when required. A fine paste, consisting of slaked white lime mixed with water, forms what is known as plasterers' putty.

**PUTTY-POWDER.**—A powder employed for polishing stone and glass, for giving the latter an opaque colour, and also used in making white enamel. It consists of dioxide of tin, prepared from the powdered oxide, which forms on the surface of melted tin.

**PYRITES.**—This term was originally confined to what is now known as iron pyrites, a brittle, bronze-coloured ore, from which sulphuric acid and sulphate of iron are prepared. (See IRON.) The name is now applied also to the crude ores of various other metals when combined with sulphur. Many of these ores contain, in addition, copper, arsenic, and minute quantities of the precious metals. Copper pyrites is softer than iron or true pyrites, and somewhat darker in colour. It is the chief source of copper, and is worked extensively in the south-west of England, in Sweden, and in Germany. Tin pyrites is the steel grey mineral composed of tin, copper, and iron. Among the other varieties are cobaltite, nickelite, and magnetite.

**PYROLIGNEOUS ACID.**—A form of acetic acid (*py*), so-called because it is produced, in the first instance, by the destructive distillation of wood. Many processes of purification are, however, necessary. During the distillation, a brownish,

inflammable liquid is obtained known as pyroxylic spirit, or wood naphtha. It consists chiefly of methylic alcohol, and is valuable as a solvent in the manufacture of varnishes. (See METHYLATED SPIRIT.)

**PYROXYLIC SPIRIT.**—(See PYROLIGNEOUS ACID.)

**PYROXYLIN.**—(See GUN COTTON.)

**PYX.**—This word is derived from the Greek, and signifies the box or chest into which money is placed for the purpose of being tested. From what is known as each "journey" weight of metal, or the quantity that can be coined in one day, a coin of each description is selected and deposited in the pyx or chest, and this chest is kept in what is known as the pyx chamber at Westminster: all the coins contained in the pyx are tested annually as to weight and fineness by a jury of the Goldsmiths' Company, who are summoned by Treasury warrant, and presided over by the King's Remembrancer (*qv*). This is known as the trial of the pyx, the object of the trial being to guarantee that there is no departure from the legal standard of the coinage. The trial is said to date from the reign of Edward III. Formerly it was conducted at irregular intervals, but since 1871 it has taken place annually.



this letter occurs in the following abbreviations--

Qr. Quarter  
Qv. Which see (Latin, *quod vide*)  
Qy. Quely.

**QUALIFIED ACCEPTANCE.**—(See ACCEPTANCE, QUALIFIED)

**QUALIFYING AGREEMENT.**—As a security for an overdraft granted by a banker, a customer may transfer shares to the bank or its nominees, and then it is customary for the person obliged, *i.e.*, the customer, to sign an agreement which qualifies the transfer. This transfer conveys the ownership in the shares entirely to the banker, but the agreement qualifies the transfer by stating that it is made merely as a security. As soon as the security is no longer required the shares are retransferred to the customer. If the shares are realised by the banker in order to obtain repayment of the debt, any surplus must be handed to the customer. The stamp duty on such an agreement under hand is sixpence. (See AGREEMENT.) The stamp may be either impressed or adhesive. If under seal the duty is *ad valorem* like a mortgage. See Section 68, s. 1 (*ib.* of the Stamp Act, 1891 (under MORTGAGE), which says that the term "mortgage" includes any defeasance or other deed for qualifying any transfer of any property, apparently absolute, but intended only as a security. (See TRANSFER OF SHARES.)

**QUANTITY THEORY OF MONEY.**—(See MONEY, QUANTITY THEORY OF.)

**QUARANTINE.**—Quarantine regulations are regulations chiefly of a restrictive nature, for the purpose of preventing the communication from one country to another of contagious diseases by men, animals, goods, or letters. The term was originally applied to the forty days under the old sanitary preventive system of detention of ships and men, unloading of cargo in lazarets, fumigation of suspected articles, which was practised at seaports on account of the plague, in connection with the Levantine trade. It is now a thing of the past in the United Kingdom and in the majority of other States, but, in common usage, the same word is applied to sanitary rules and regulations, which are the modern substitutes for quarantine. The term "quarantine" is not restricted to sanitary regulations only. It is used in law on other occasions when forty days are intended to be designated. Thus the forty days provided by the charter of Henry I, and by Magna Charta, during which a widow was to remain in her husband's mansion-house after his death, and in which period her dower was to be assigned, are still known as the widow's "quarantine." History declares quarantining regulations for maritime intercourse to have been first established by the Venetians in 1127 A.D., but the persecutions of the Jews against leprosy indicate that a species of quarantine was enforced by them ages before.

The application of the particular provisions of quarantine depends on the nature of certain documents, or certificates called "Bills of Health," with which the British Consuls, residing in the ports of the Mediterranean and elsewhere, are directed to furnish all ships that may come from them. These bills describe the state of the country in respect of

the existence or non-existence of the plague at the time of the departure of the vessel, and are of three kinds: The first is what is denominated a *clean bill*, which imports that at the time of sailing no infectious disorder existed, nor had any case indicative of it occurred during the previous forty days; the second is called a *suspected bill*, in which the general health of the place is stated, together with the occasional arrival of vessels coming to such port from infected places, which subjects it to suspicion, although no illness among the crew may have appeared; the third is a *foul bill*, and imports the existence of the infection at the port or in the country at the period of the departure of the vessel from the port whence she sailed.

The plague had disappeared from England for more than thirty years before the practice of quarantine against it was definitely established by an Act of Parliament of Queen Anne's reign in 1702. In 1788 a very oppressive quarantine Act was passed, with provisions affecting cargoes in particular. The first year of the nineteenth century marked the turning point in quarantine legislation; a parliamentary committee sat on the subject, and a more reasonable Act arose on their report. All previously existing statutes were repealed and consolidated in the year 1825 by the statute 6 Geo. IV. c. 78. From 1816 onwards the establishments in the United Kingdom for the purposes of quarantine were gradually reduced, while the last vestige of the British quarantine law was removed by the Public Health Act, 1896, which repealed the Quarantine Act of 1825, and transferred from the Privy Council to the Local Government Board the powers to deal with ships arriving infected with yellow fever or plague, the power to deal with cholera ships having been already transferred by the Public Health Act, 1875. The existing British regulations are those of November 9th, 1896, they apply to yellow fever, plague, and cholera.

**QUART.**—The fourth part of a gallon, or two pints.

**QUARTER.**—(1) The fourth part of a hundred-weight, or 28 lbs. (2) A measure of eight bushels of grain.

**QUARTER DAYS.**—The last days of each of the quarters of the year on which payment of rent or interest becomes due.

The English and Irish Quarter Days are—

(1) Lady Day, March 25th, (2) Midsummer Day, June 24th, (3) Michaelmas, September 29th; (4) Christmas Day, December 25th.

The Scottish Quarter Days are—

(1) Candlemas, February 2nd, (2) Whitsun, May 15th, (3) Lammas, August 1, (4) Martinmas, November 11th.

**QUARTERLY TRADE ACCOUNTS.**—Accounts which are made up to the ends of the months of March, June, September, and December.

**QUARTERN** (*quartern*). (1) The fourth part of a pint, or one gill. (2) The fourth part of a peck.

**QUARTER SESSIONS.**—These are legal sittings which take place, as the name denotes, four times a year. There are two kinds of Quarter Sessions—one for the county, and the other for such boroughs as have obtained the special privilege of having Quarter Sessions with a Recorder.

to, preside over them. The County Quarter Sessions are held as follows:—For January, in the first whole week after the 28th December, unless specially fixed (at the previous sessions or at a special meeting of justices) to be held "not earlier than fourteen days before nor later than fourteen days after" this week. For April, in the first whole week after the 31st March. For July, in the first whole week after the 24th June. For October, in the first whole week after the 11th October. In the last three cases, as in the case of the January Quarter Sessions, the sessions may be specially fixed. The magistrates sitting are composed of the county justices of the peace, one of whom is selected by the whole body as the chairman. Where the county is large, a division is made into two or more parts, so that the business may be carried through more expeditiously. The business of the County Quarter Sessions was once of a most extensive character, but since the administration of the County Councils came in (see COUNTY COUNCIL), the work of these sessions is practically on a par with borough Quarter Sessions, i.e., criminal business, the cases heard being those sent for trial at petty sessions (*qv*)—certain appeals from petty sessions, matters relating to highways, and rating appeals. The dates of the sittings in boroughs are generally fixed by the Recorder, who frequently consults the local authorities as to the most convenient dates for holding them.

**QUARTO** (4to).—A sheet folded into four leaves, or a book of quarto size. The plural of the word is *quartos*.

**QUARTZ**.—A comprehensive term, including all minerals consisting of silica. Quartz generally occurs in crystals. When pure, it is colourless and transparent, and is often employed as a substitute for glass. Rock-crystal is the name generally applied to this pure form of quartz. Other varieties, e.g., the amethyst (*qv*), owe their colouring to the presence of impurities. The uses of quartz are numerous, thermometers, tubes, and galvanometers being among the articles manufactured from specially prepared varieties. Another name for the same substance is crystallised silica.

**QUASI PARTNER**.—A quasi partner is one who has retired from active participation in the partnership, but has left his capital in the business as a loan, receiving interest on it varying with the profits.

**QUASSIA**.—A tree of tropical America, sometimes known as the Jamaica ash. The bitter wood is useful medicinally as a tonic.

**QUAY**.—A landing place for vessels to receive or discharge cargo.

**QUAYAGE**.—The payment made for the use of a quay.

**QUEBRACHO**.—The *Aspidosperma quebracho* a tree of Chili and of the Argentine Republic, where it is known as red wood. Its bark is valuable for its medicinal properties, and is used as a substitute for quinine. Another species of quebracho, with the same properties, is found in Mexico.

**QUEENSLAND**.—*Position, Area, and Population.* Queensland, the youngest of the Australian States, occupies the north-eastern portion of the Australian mainland. It lies between the parallels 11° and 29° south latitude, and between the meridians of 158° and 154° east longitude. Its greatest length from north to south is 1,300 miles, and its greatest breadth about 800 miles. It contains an area of 670,550 square miles, or about five and a half times

that of the United Kingdom but its population is only about 700,000.

**Coast Line.** The coast line, which is about 2,500 miles in length, is much broken, and presents a number of harbours. The Pacific coast, over a stretch of 15° of latitude, is protected from the outer swell of the Pacific by the natural break-water of the Great Barrier Reef. Coastal navigation is thus rendered possible along a smooth water channel, whose length is 1,000 miles, and whose breadth varies from 10 to 30 miles. The Great Barrier Reef is more than 1,200 miles long from north to south. It appears to consist of a thin cap of coral rock over a series of shoals, and marks the former extension of the land. Notable deep water channels across the reef are the Bligh and Flinders entrances. Good harbours on the east coast are Moreton Bay, sheltered by Moreton and Stradbroke Islands, Port Curtis, Bowen, and Rockhampton. On the north, Thursday Island possesses an excellent harbour in Port Kennedy, but Torres Strait is difficult to navigate. Burketown and Normanton are river ports on the west.

**Build.** Three regions of coast, mountain, and plain make up the build. The Eastern Highlands, or the "Great Divide," separating the coastal plain from the interior plains, have a plateau-like character, and send out numerous spurs north-east to the coast, and south-west into the interior. The dividing range in Queensland is lower and wider than in New South Wales and Victoria, and, receding from the Pacific shores as it runs northward, enables Queensland to have the longest easterly rivers of the Eastern States. In the north the Bellenden-Ker Mountains rise to heights of over 5,000 ft., and in the south-east of the mountainous tableland the Darling Downs (2,000 ft. high) form the best pastoral region of the State. The coastal plain is narrow, and between Mackay and Cairns the highlands reach the coast. There is a sharp slope from the coast to the highlands, all the railways westwards having to begin a steep ascent within a few miles from the coast. The Central Lowlands or the Great Plain behind the dividing range do not exceed 1,000 ft. in height; they stretch from north to south, and continue into South Australia to the edge of the Western tableland. The Gulf of Carpentaria is a drowned part of the plain. There are four main drainage areas: (1) The Pacific Slope drained by the Brisbane, Burnett, Fitzroy, Burdekin, Herbert, Kennedy, and Normanby; (2) the Carpentarian Slope, drained by the Leichhardt, Flinders, Norman, Gilbert, and Mitchell; (3) the South-Western Slope to the Murray, drained by the Warrego and Condamine; and (4) the South-Western Slope to Lake Eyre, drained by the Diamantina and Cooper's Creek. The continental rivers, through evaporation and by percolation through the surface, are either quite dry or merely water-holes in the dry seasons. The rivers of the Pacific Slope are subject to floods, and are of little use to traffic.

**Climate.** Three climatic regions corresponding to the build may be distinguished: (1) The Coastal Region, with a tropical monsoon climate in the north and a temperate in the south. The rainfall varies from 40 to over 100 in., being highest in the region of the Bellenden-Ker Mountains; (2) the Plateau Region, with a lesser rainfall and lower temperatures than the first region; and (3) the Plains Region, characterised by a varied rainfall. The Carpentarian plain and littoral, depending on

the partly-spent north-west monsoon, have a rainfall varying from 20 to 40 in., but in the west and south-west the rainfall sinks to 10 in. and under. The colony does not suffer as much from the fiery winds of summer as the other States of the mainland do. It is, however, liable to drought at times. A method of mitigating the evil effects of drought and low rainfall is the tapping of subterranean water. The successful artesian wells in Queensland obtain their supplies of water from porous sandstones and other permeable beds of the lower cretaceous system. The lower cretaceous rocks extend westward from the "Divide," and are estimated to cover 375,000 square miles. They mark the position of the ancient cretaceous sea, which connected the Gulf of Carpentaria with the Great Australian Bight. About 137,000 square miles contain artesian supplies. The water supply is held down by an impervious stratum of hard shale, and is tapped at depths varying from 500 to 5,000 ft. Their importance to Queensland's pastoral industry and possible future agriculture can hardly be over-estimated.

**Production and Industries.** *Agriculture* is of two kinds—the tropical and the temperate—and is carried on in the Coastal Region. On the warm, moist coastland between Bundaberg and Cairns, the sugar-cane is extensively grown, and the industry has reached the standard of supplying local requirements and a quantity for export. Of late years, attention has been paid to irrigation; at Bundaberg costly irrigation works have been completed. In the far north of the State the heavy rainfall renders irrigation unnecessary. Climatic and soil factors favour the sugar industry, and labour seems to be the only factor not assured. Maize flourishes between Rockhampton and Brisbane. In the north bananas are extensively grown; pineapples in the south, and oranges, mangoes, lemons, plums, strawberries, and peaches are raised on a commercial scale. All fruits of temperate and tropical climes can be produced with success, and fruit-growing (increasing now) is destined to become an important industry. Cotton can be grown in sub-tropical Queensland. The vine flourishes in many parts, but especially on the volcanic areas of the Darling Downs. As yet the vineyards are not very extensive. Coffee, rice, and tobacco thrive; but the labour problem must be overcome either by medical science or by legislation before tropical products will reach a high stage of development in Queensland. The cereals—wheat, oats, and barley—are raised in fairly large quantities, and their cultivation is extending westwards; much wheat is now grown on the Darling Downs.

**The Pastoral Industry.** The pastoral industry ranks first in the producing industries of the State. Sheep are fed to the number of about 19,000,000, mainly on the slopes of the Divide, and on the Great Plains Region, where soil, grass, and climate are suitable, but where drought is sometimes the great enemy. The Darling Downs are famous for their sheep. Cattle are also reared on the plains, the number of cattle in the colony is about 4,500,000. On the coastal plain, pastoralists are almost exclusively engaged in cattle-raising, as the climate and pasture are more adapted to cattle than sheep. Dairy-farming is an expanding industry; the mildness of the winters and the rainfall in the temperate parts of the coastland are favourable factors. Butter is exported, and the co-operative system has been adopted.

**Forestry.** There is a considerable area of natural

forest in the coastal districts, but forestry is a minor industry. Eucalypti predominate, but several species of pine, red cedar, tulip, and bean tree are found. Hoop-pine and iron bark grow between Rockhampton and the southern border, and kauri pine and red cedar between Ingham and Cooktown.

**The Mining Industries.** Gold is the most important mineral, and is chiefly found on the upward slopes of the "Great Divide." Charters Towers is the leading goldfield, and Mount Morgan and Gympie are the other centres. In the Cloncurry district, south of the Gulf of Carpentaria, copper is mined, while abundant deposits of tin exist in the northern part of the State. The Walsh and Tamaroo mineral field, in the Herberton district, is extensively worked. At Stanthorpe, in the south, tin mining is entirely alluvial. Coal is chiefly mined in the basins of the Brisbane and Bremer Rivers, but is also worked in the neighbourhood of Clermont, on the Darling Downs, and at the Burrum coalfield, north of Maryborough. Silver, lead, and iron exist, but are little worked. Sapphires and opals are found in the Plains Region.

**The Fishing Industry.** The pearl fishery on the northern coast, with Thursday Island as its headquarters, affords employment to a large number of men and vessels. Malays and Polynesians are the divers. On the Great Barrier Reef, Chinese are engaged in the bêche-de-mer fishery. Food fishes are plentiful on the Queensland coast, but little fishing is carried on.

**The Manufacturing Industries.** The manufactures utilise local products. Sugar factories, flour mills, saw mills, and cheese and butter factories represent the more important industries. Ipswich has woollen and cotton factories.

**Communications.** A considerable coasting trade is done. The absence of navigable rivers penetrating the interior has compelled Queensland to embark largely in railway construction. The Southern and Western Railway from Brisbane passes through Toowoomba, Dalby, Roma, Mitchell, and Charleville to Cunnamulla, and from Toowoomba runs southward to Sydney, forming part of the interstate railway system. The North Coast Line runs from Brisbane through Gympie, Maryborough, Bundaberg, and Gladstone to Rockhampton, where it connects with the Central running through Emerald and Alpha to Longreach and Blackall. The Northern Line runs from Townsville through Charters Towers, Hughenden, and Richmond to Cloncurry. Short lines are Normanton to Croydon (goldfield), Cairns to Charleston, Mackay to Miami and surrounding villages, Bowen to Proserpine and Bobawaba, and Cooktown to Laura.

**Commerce.** The three products, wool, gold, and sugar are the main exports, followed by meat, hides, skins, tallow, pearl shell, butter, and fruit. The imports include food-stuffs, clothing, railway plant, machinery, and fuel. Trade is mainly with the United Kingdom, the other Australian colonies, New Zealand, and the United States. The chief ports are Brisbane, Maryborough, Gladstone, Rockhampton, Mackay, Bowen, Townsville, Cairns, Port Douglas, and Cooktown.

**Trade Centres.** The trade centres are the ports, the mining towns, and the pastoral and agricultural centres. Brisbane, the capital, with a population of about 74,000, contains nearly one-quarter of the total population of the State, and there are seven



towns with populations of over 10,000. Most of the towns are on the coast.

**Brisbane** is situated on the River Brisbane, and about 20 miles from its mouth. A straight and deep channel enables vessels of large draught to proceed to the wharves in the heart of the city. Brisbane lies low, and is exposed to floods. It depends on, and owes its prosperity to, the pastoral and agricultural lands of the Darling Downs to the west of it. The city stretches on either side of the river.

**Toowoomba** (24,000), on the Darling Downs, is an agricultural and pastoral centre.

**Maryborough** (12,000), on the river Mary, 20 miles from Hervey Bay, is the port for the Wide Bay and Gympie goldfield. It has timber, saw-milling, and foundry industries.

**Bundaberg**, near the mouth of the Burnett, owes its prosperity largely to the sugar production of the neighbourhood.

**Gladstone** possesses a splendid harbour in Port Curtis, and has the largest meat-freezing works in Australia. It is the outlet of a number of small goldfields. The difficult communication with the interior hinders its development.

**Rockhampton** (21,000) is the capital and chief port of Central Queensland. It exports frozen and preserved meats, tallow, and hides, and is the outlet for the Mount Morgan mining district.

**Mackay** is a sugar centre, and is a growing town. **Townsville** (14,000), is the chief port of North Queensland, and is the outlet for the rich pastoral and mining districts behind it. It is connected by rail with the goldfields of Ravenswood and Charters Towers, and the copper mines of Cloncurry.

**Ingham**, **Cardwell**, **Cairns**, **Port Douglas**, and **Cooktown** (the most northern settlement) are outlets for tropical produce, and for the rich mineral fields of Herberton and Etheridge.

**Bowen** has a splendid harbour, but is unfavourably placed for communication with the interior.

**Newcastle** and **Burketown**, the river ports on the Gulf of Carpentaria, await future development. The mountainous country behind them is rich in minerals.

**Ipswich** (25,000) stands at the confluence of the Bremer and Brisbane. Coal mines are near it, and it has woollen and cotton manufactures.

**Charlton Towers** (17,000), near the Burdekin River, is a gold centre. It has only been surpassed by the goldfields of Ballarat and Bendigo.

Other towns are the mining centres of Marytown, Etheridge, Chillagoe and Cloncurry, Gympie and Mount Morgan; the pastoral centres of Charleville and Cunnamulla; and the agricultural centres of Warwick and Roma.

Mails are despatched every Friday via Italy and periodically via Vancouver and San Francisco. The time of transit is about 33 days.

For map, see AUSTRALIA.

**QUEEN'S METAL**.—A cheap alloy from which common spoons, etc., are made. It consists of tin, with an admixture of antimony, lead, and bismuth.

**QUERCITRON**.—The *Quercus tinctoria* of North America. The timber is strong and durable, and is sometimes used in shipbuilding. The bark is exported to Europe for the sake of the yellow dye which it yields. The tree is also known as the Dyers' Oak.

**QUESTION, PREVIOUS**.—(See PREVIOUS QUESTION.)

**QUICKSILVER**.—(See MERCURY.)

**QUID PRO QUC**.—A mutual concession in business between parties. The phrase is a Latin one, and signifies *one thing for another*.

**QUILLS**.—The lower hollow portions of the large wing-feathers of the swan, goose, turkey, and other birds. They were formerly in great demand for pens, but are now principally used as tooth-picks, tubes for artists' brushes, etc. North Russia, Holland, and Germany supply the demand for goose-quills.

**QUINCE**.—The golden-coloured fruit of the *Cydonia vulgaris*, a small tree of the rose family, grown in the Mediterranean countries. It is too acid to be eaten raw, but is much used as a flavouring for apples, pears, and other fruits. An excellent marmalade is made from the Portuguese variety. The fruit is also used in the preparation of a wine somewhat like cider, and an emollient useful in hair preparations is obtained from the seeds. Quantities of quinces are now grown in America.

**QUININE**.—An intensely bitter alkaloid obtained from powdered cinchona bark (*q.v.*) by treating it with lime and then with alcohol. It appears in the form of silky, needle-like crystals, and is the source of various salts, of which the best known is the sulphate of quinine. This is the powerful tonic commonly known as quinine, which is recognised as the most valuable remedy in cases of malarial fever and ague.

**QUINQUENNIAL VALUATION**.—The quinquennial valuation of property subject to assessment is confined to London, and is provided for in the Valuation (Metropolis) Act, 1869, which is incorporated in the Union Assessment Committee Act, 1862, and the Union Assessment Committee Act, 1864. The two last-mentioned statutes still govern the valuation of rateable property in districts outside the metropolis.

Under the Act of 1869 the overseers are required to make valuation lists every five years, which, after revision by the assessment committee, come into operation on the 6th April of the year following that in which they are made. Since the passing of the London Government Act, 1899, the duty of preparing the valuation lists has fallen upon the various borough councils, they having been constituted the overseers for the different parishes within their boundaries.

Provision is made for supplemental valuation lists to be prepared in each of the first four years of the quinquennial period, showing alterations, additions, etc., which have been made during the preceding twelve months. To cover the interval between the preparation of the valuation lists (supplemental or otherwise), a provisional list is made; this is deemed to form part of the valuation list for the time being in force, and to be part of the rate books of the district.

The procedure followed in the making and revision of the valuation list is, briefly, as follows: Every person who is liable to be charged with any rate or tax is required, under a penalty, to make a return on a prescribed form to the overseers (i.e., the borough council) of his district. The valuation list, based upon the returns received, is then compiled by the overseers and deposited for the inspection of ratepayers, due notice of such deposit being given. Should any person feel himself aggrieved by a valuation, he may, within twenty-five days of the notice of deposit, give notice of objection. The surveyor of taxes of the district may also raise objection to any valuation.

The assessment committee is required to revise the valuation list and to give due notice of a meeting for the hearing of objections. After revision, the list is again deposited for inspection, and in the event of an assessment having been increased, notice of the alterations which have been made in the gross and rateable values must be given to the person liable to be rated, and a day appointed for the hearing of objections to such alterations. The assessment committee has finally to approve the valuation before November 1st, and it comes into force on the 6th April of the following year.

After the assessment committee has approved the list, there is still opportunity for appeal to special sessions and quarter sessions. Further appeal may be made upon points of law to the High Court, the Court of Appeal, and the House of Lords, but on account of the cost of the proceedings, cases are seldom carried so far unless large sums are at stake.

Assessments in a provisional list cannot be appealed against after the valuations have been approved by the assessment committee, but in the event of an assessment being reduced by the succeeding valuation list, the amount of rates overcharged becomes repayable.

**QUINTAL.**—(1) In Liverpool and the United States a weight of 100 lbs. (2) In France a weight of 100 kilos, or about 220½ lbs. avoirdupois, or, more correctly, 226.46213 lbs. (See also FOREIGN WEIGHTS AND MEASURES.—BRAZIL, SPAIN.)

**QUIRE** (qr.)—Twenty-four sheets of paper.

**QUITRENT.**—Where land was granted in feudal times by the lord of the manor in return for services to be rendered to the lord, it was possible in certain cases for these services to be redeemed, or altogether avoided, by means of the payment of a rent, which was called a quit rent. By Section 45 of the Conveyancing Act, 1881, it is possible for any quit rent to be redeemed. On the requisition of the owner, the Conveyance Commissioners shall certify the amount in consideration of which the quit rent may be redeemed.

**QUITTANCE.**—This term signifies a discharge or a release from a debt or other obligation.

**QUORUM.**—A quorum is that number of persons which, according to law or the regulations governing the conduct of meetings of various kinds, is competent to transact the business of a meeting.

Be it a meeting of a public authority, of shareholders, directors, or debenture holders of a company, no business can be validly transacted unless the prescribed quorum is present. One of the first duties which falls to the chairman of any meeting is to ascertain that he is presiding over a number of persons sufficient to form the quorum required for transacting the business of the meeting.

**Composition of Quorum.** The quorum must consist of persons entitled to vote on the matter to be decided, and the regulations of the body should be consulted to see if there be any restrictions in this connection, e.g., in the articles of a company a rule that no vote shall be allowed to any member in arrears with his calls. Preference shareholders are sometimes allowed by the articles to attend the general meetings of the ordinary shareholders, but are not permitted to vote thereat. In such circumstances they must not be counted as forming part of the quorum, unless special provision is contained in the articles sanctioning their inclusion.

**How Quorum is Fixed.** For general meetings of shareholders, the quorum is usually fixed by the articles. The rights of preference shareholders or any special privileges attached or belonging to any class of shares, however, cannot be interfered with, except by a resolution passed by a majority in number of shareholders of that class holding three-fourths of the share capital of that class, as laid down by the Companies (Consolidation) Act, 1908 (Clause 45). Where no quorum is specified in the articles nor any provision of the statute applicable, the common law rule applies, and two will form a quorum, although in an unusual case which came before the courts dealing with the alteration of the rights of a special class of shares, all of which were held by one man, it was decided that he could under the circumstances be a quorum and constitute himself "a meeting."

The model set of articles known as Table A fixes the quorum for a general meeting of shareholders of a company at three members personally present. It is sometimes provided that the quorum shall vary according to the number of persons who are members of the company, e.g., Clause 37 of the old Table A prescribes that when the number of members does not exceed ten, the quorum shall be five; if it exceeds ten, there shall be added to the said quorum one for every five additional members up to fifty, and one for every additional ten after fifty, with a maximum quorum of twenty.

With regard to Board meetings, the articles may leave it to the directors to fix a quorum, or may specify what the number shall be. Table A (Clause 88) states that the quorum necessary for the transaction of the business of the directors may be fixed by the directors, and, unless so fixed, shall (where the number of directors exceeds three) be three. If the articles make no provision with regard to a quorum at Board meetings, a majority of the directors will form a quorum.

**Where Quorum is Difficult or Impossible to Obtain.** It happens not infrequently that the quorum fixed by the articles for meetings of shareholders is exceedingly difficult to obtain, apathy on the part of those interested often being the cause.

Clause 62 of Table A is intended to meet this contingency, and provides that if within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present, within half an hour from the appointed time, the members present shall be a quorum. In the event of it being impossible to hold the adjourned meeting in the "same place," it would presumably be necessary to issue notices and call a fresh meeting.

The above or a similar provision would, of course, be ineffective where the quorum is fixed by the statute, as in Clause 45 of the 1908 Act, relating to special rights belonging to any class of shares. In the case of meetings convened upon a requisition of members, Clause 72 of Table A prescribes that such shall be dissolved if no quorum is present within half an hour from the appointed time.

It is easy to conceive circumstances where the presence of the prescribed quorum at Board meetings may be an impossibility, e.g., a company has a Board of three directors and one dies, assuming that the quorum is fixed at three, how are the

survivors to carry on the business of the company? Clause 89 of Table A deals with such a position by providing that where the number of directors is reduced below the number fixed as a quorum, the continuing directors may act for the purpose of increasing the number of directors to that number or of summoning a general meeting of the company. In this connection, attention is drawn to Clause 48 of Table A, from which the following is an extract—

"The directors may, whenever they think fit, convene an extraordinary general meeting . . . If at any time there are not within the United Kingdom sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extraordinary general meeting in the same manner as nearly

as possible as that in which meetings may be convened by the directors."

#### QUOTATION ON LONDON STOCK EXCHANGE.

—The Committee of the Stock Exchange may order the quotation in the Official List of any security of sufficient magnitude and importance. Applications for quotation must be made to the Secretary of the Share and Loan Department, and must comply with such conditions and requirements as may be ordered from time to time by the committee. Three days' public notice must be given of every application. A broker, a member of the Stock Exchange, must be authorised to give the Committee full information as to the security and to furnish them with all particulars they may require.

**QUOTING.**—(See EXPORT TRADE, ORGANISATION OF)

**R.**—This letter is used in the following abbreviations—

|             |                     |
|-------------|---------------------|
| R.          | Rupee               |
| R/A.        | Refer to Acceptor   |
| R.A.P.      | Rupees, Annas, Pies |
| R/D.        | Refer to Drawer     |
| Recpt.      | Receipt             |
| R.M.S.      | Royal Mail Steamer  |
| Reg., Regd. | Registered.         |
| Rev. a/c.   | Revenue Account.    |
| Rm.         | Room.               |
| Rs.         | Rupees.             |
| Rx.         | Ten Rupees.         |
| Ry.         | Railway             |

**RABANNAS.**—Matting made from the fibre of a Madagascar plant, a species of *Raffia*, and exported to Mauritius. It is also known as *Raffia* fibre.

**RABBITS.**—Herbivorous rodents, very common in Europe (especially in Belgium), and also, to a greater extent, in the United States, Australia, and New Zealand. On account of their destructiveness, great efforts have been made in the agricultural districts of the two last-named countries to reduce their number, but with only moderate success. In Great Britain rabbits are used as a food, and there are considerable importations from Belgium of the large "Ostend" variety. The skins are used in the manufacture of felt hats and imitation furs, in which a large trade is done both in England and in the United States.

**RACCOON.**—A small carnivorous animal of the bear species, found principally in North America. It is valued for its long, thick, soft fur, which forms an important export, but the supply is steadily diminishing.

**RACHAT-LUKUMIA.**—A soft Turkish sweetmeat, consisting of sugar and starch.

**RACKING.**—There are three meanings attached to this word, viz.—

(1) The drawing off wines or spirits from the lees or sediments.

(2) The transferring of wines or spirits from an unsound cask to a sound one, or from one large cask into several smaller ones.

(3) The combining of the contents of several small casks into one larger one.

**RACK RENT.**—This expression, which is often supposed to have a harsh meaning, signifies the full annual value of the land or property which is demised by a lessor to a lessee. It is, in fact, the highest rent which can be obtained for it from any person who is willing to become the tenant.

**RADIO-TELEGRAMS.**—Facilities are now given by the Post Office for sending radio-telegrams to ships on the high seas. All messages must be in plain language, English or French. They can only be accepted at sender's risk, and are subject to the regulations applicable to foreign telegrams. Radio-telegrams relating to the safety or working of the ship to which they are addressed, and sent by the owners or agents of the ship, are accepted by any telegraph office for transmission to ships equipped with wireless telegraph apparatus through any of the coast stations mentioned in the *Post Office Guide*. Radio-telegrams concerning the private

affairs of individuals or firms are also accepted for transmission to merchant ships. Particulars of the charges may be obtained at any Telegraph Office. All radio-telegrams are subject to the same rules, with regard to the counting of words, etc., as foreign and colonial telegrams (see **CABLES AND CABLEING**).

**RADISH.**—A plant grown in all parts of Europe and Asia for the sake of its succulent root, which is eaten raw, either alone or with other salad ingredients. In China an oil is extracted from a species known as the oil radish.

**RADIUM.**—A rare and costly element obtained principally (by a series of intricate processes) from the pitchblende (*qv*) found in Joachimsthal, in the Erzgebirge. The uranium present is first extracted, and 25 gm. of radium is all that can be obtained from each ton of the residue. Radium was discovered by Mme Curie in 1902. Its compounds have many remarkable characteristics. They are continuously emitting both heat and light, their radiations being capable of penetrating leaden tubes. Great results have resulted from their application in cases of cancer, ulcer, and skin diseases, such as eczema. The Radium Institute in Riding House Street, London, was opened in 1911 owing to the generosity of Viscount Iveagh and Sir Ernest Cassel. It is the most fully-equipped institution of its kind, and possesses about half-a-teaspoonful of radium, valued at £50,000. The first radium installation in Paris was opened in the Rue Ponthieu, where accommodation is provided for applying the cure by means of inhalations of radium emanations.

**RAFFIA FIBRE.**—(See **RABANNAS**). Also spelt *Raphia*. Considerable use is made of this fibre by gardeners and florists for binding bouquets and tying up bushes and plants of all kinds.

**RAGS.**—Worn-out linen, woollen, cotton, or silk goods. After having been sorted, disinfected, chemically cleaned and bleached, they are beaten to a pulp, and utilised for various purposes. Linen and cotton rags are still used in the production of the best paper (*qv*), including that used for bank notes, though the demand for this purpose has greatly decreased since wood pulp has been employed. Shoddy (*qv*) is the principal product of woollen rags, from which coarse wall papers and mats are also made. Large quantities of rags are imported from the Continent by Great Britain, chiefly for re-exportation to the United States.

**RAILS.**—The manufacture of steel rails is an important British industry. It has, however, been considerably affected in recent years by foreign competition, as it is cheaper to import the goods from Belgium and other continental countries than to purchase the home-made product.

**RAILWAY ADVICE.**—This is the document which is given by a railway company stating that a certain consignment of goods has arrived at one of the company's stations, and that the consignment awaits the orders of the person addressed as to the disposal of the same. The advice also goes on to state that unless the goods are removed within a specified time a charge for the detention of the truck in which they have been conveyed is

sometimes, though not quite accurately, called demurrage (*q v*)—will be made.

**RAILWAY AND CANAL COMMISSION.**—The Railway Commission, made permanent since 1888, now consists of five members, of whom three are judges of the Superior Court, appointed respectively by the Lord Chancellor of England, the Lord President of the Court of Session of Scotland, and the Lord Chancellor of Ireland, and whose duty it is to preside at the sittings of the court, according as they may be appointed to be in England, Scotland, or Ireland. Two other members are to be appointed on the recommendation of the Board of Trade, and one of them is required to be experienced in railway business. They must not, during the time they hold office, be interested for their own benefit in any stock, shares, or other securities of any railway or canal company in the United Kingdom, and must devote the whole of their time to the performance of their duties as commissioners.

The Commissioners may hold sittings in any part of the United Kingdom, in such places as may be most convenient. The judges are required to attend to hear any cases before the Commission as soon as the cases are ready to be heard, or as soon after as reasonably may be, and they are required to perform the duties of judges of a superior court only when their attendance on the Commission is not required. The opinion of the presiding judge must prevail upon any question which, in the opinion of the Commissioners, is a question of law. An appeal lies to the Court of Appeal upon a question of law. Subject to this appeal and their own power to vary their own orders, the orders and proceedings of the court are not open to question or review, and the court itself is not liable to be restrained by injunction, prohibition, certiorari, or otherwise. The decision of the Court of Appeal is final, except under certain peculiar contingencies. When there has been a difference of opinion between any two courts of appeal, any court of appeal in which the matter is pending may give leave to appeal to the House of Lords, on such terms as to costs as such court shall determine.

The court of the Railway and Canal Commission has jurisdiction to deal with the following matters: (1) Undue preference and traffic facilities, (2) obligations arising under special Acts, (3) construction of sidings, (4) through rates, (5) publication of rates, (6) terminal charges, (7) siding allowances, (8) legality of charges, (9) increased rates, (10) steam-vessels' traffic, (11) working agreements, (12) conveyance of mails, (13) cheap trains, (14) railway and canal arbitration, (15) canal regulation.

Whenever the Commissioners have jurisdiction to hear and determine any matter, they may, in addition to, or in substitution for, any other relief, award damages to any complaining party who is aggrieved, such award to be in complete satisfaction of any claim for damages, including repayment of overcharges, which such party would have had by reason of the matter of complaint; provided that no damages may be awarded if the Commissioners find that the rates complained of have been duly published in the rate-books of the company, unless the party complaining has given written notice to the company requiring it to remedy the matter of complaint, and the company has failed to comply with such requirements within a reasonable time.

The Railway Commissioners may from time to time, on the application of any person interested,

make orders with respect to any particular description of traffic, requiring a railway company or canal company to distinguish in the book of rates how much of each rate is for the conveyance of the traffic on the railway or canal, including therein tolls for the use of the railway or canal, for the use of carriages or vessels, or for locomotive power; and how much is for other expenses, specifying the nature and detail of such other expenses. The Commissioners have no jurisdiction to entertain an application as to alleged excess charges in connection with passenger traffic, unless a failure to comply with Section 2 of the Traffic Act, 1854, is, in fact, proved.

The Commissioners have, under Section 2 of the Traffic Act, 1854, jurisdiction to hear and determine a complaint against a railway company of not affording, according to their powers, all reasonable facilities for receiving, forwarding, and delivering passengers and other traffic, at and from any of their stations which are used by the company, for such passengers or other traffic; and although the Commissioners have no jurisdiction to order the company to make a new railway station, or to order any particular works, or otherwise to interfere with the discretion of the company, or the mode of performing their obligation to afford such facilities, according to their powers, for the receiving, forwarding, and delivering of the traffic, yet they have jurisdiction to order such facilities, even if their doing so would necessitate the making by the company of some structural alterations of such station. A railway company do not afford all due and reasonable facilities if, having sufficient powers, they keep their platforms, booking offices, and other structures at any station in such a condition with regard to space, and other arrangements as to cause dangerous or obstructive confusion, delay, or other impediment to the proper reception, transmission, or delivery of the ordinary traffic of that station, whether consisting of passengers or of goods.

The Commissioners will not grant through rates which will have the effect of raising a long-established rate and unsettling interests which have been founded on its continuing, unless the railway company asking for such through rates can show that an alteration is required to give them a fair return upon the traffic carried.

**RAILWAY CHARGES, CHECKING.**—(See RAILWAY, CONSIGNMENT OF GOODS BY.)

**RAILWAY CLAIMS.**—(See RAILWAY, CONSIGNMENT OF GOODS BY.)

**RAILWAY CLEARING HOUSE.**—(See CLEARING HOUSE.)

**RAILWAY COMPANIES AS CARRIERS.**—**Due and Reasonable Facilities.** Section 2 of the Railway and Canal Traffic Act, 1854, imposes on a railway company the duty of affording reasonable facilities for carrying all goods (other than specially dangerous goods). Railway companies cannot refuse to carry traffic which they have facilities for carrying; but they are compellible to carry it, not as common carriers, but as ordinary bailees and subject to reasonable conditions. The jurisdiction to determine whether there is a statutory right to demand from a railway company a facility or privilege belongs exclusively to the Railway Commissioners. When facilities are asked for, it is necessary not only to show that they would conduce to the convenience of the public, but to show that they can be reasonably required of the railway company, and that they are within the power of the railway company to grant. Whether railway

companies are common carriers of particular classes of goods depends upon what they habitually do with respect to such goods. The Railway and Canal Traffic Act, 1854, does not make railway companies liable as common carriers in respect of goods which they do not profess to carry as such. With regard to passenger traffic, facilities will not be directed to be given on the complaint of an individual for his personal convenience. A cloak-room is a reasonable facility, and so are platforms of sufficient length and waiting-rooms at a station. Questions as to how far a sender of goods may require delivery at any station he may appoint, or as to how far a railway company are liable to carry goods of every kind, or for all persons alike, are to be determined in each case, not with reference to what a railway company may choose to do, or may ordinarily do, but with reference to what may be within their powers, and at the same time a reasonable requirement. A railway company must afford reasonable facilities for the expeditious conveyance of milk, meat, game, and certain other "perishables," either by passenger train, or by other similar service, subject to the reasonable regulations of the company for the convenient and punctual working of their passenger train service. Such facilities do not include any obligation to convey such perishables by any particular train. Any sender of goods over the railways of two or more companies whose lines form a continuous route may require the companies to continue to carry the traffic at a single booking for a single payment.

It is not a sufficient ground for the interference of the court, under Section 2 of the Railway and Canal Traffic Act, 1854, that a railway company charge higher fares for distances on one of their branch lines than they charge for equal distances on another, nor that they issue third-class return tickets on one branch line and not on another. Nor will the court interfere with the arrangements of a railway company respecting the number of trains that stop, or the times at which they stop, at any particular station, unless it is distinctly shown that such arrangements do not sufficiently provide for the accommodation of the public. A railway or canal company cannot charge a higher wharfage rate on goods about to be conveyed by the railway of another company than on goods about to be conveyed on their own railway. The sender of goods over railways whose lines form a continuous route may require the companies to continue to carry the traffic at a single booking for a single payment. The expression "through booking" is, in the language used by railway companies, applied to describe orders made by the Commissioners, which merely enjoin that the goods or passengers shall be carried over two or more lines at one booking without interfering with the rates, while those orders which deal with the rates as well are called "orders for through rates." When a railway company has agreed rates from a port to inland towns with other companies in the joint interest, such rates should not be treated as local rates of that company, so as to compel them to carry to the common point from another port at rates equal distance for distance, to such agreed rates.

**Undue Preference.** A railway company may, subject to the provisions and limitations contained in the Railways' Clauses Consolidation Act, 1845, and their special Act, from time to time alter or vary the tolls authorised to be taken either upon the whole or upon any particular portion of the

railway, as they think fit; provided that all such tolls are at all times charged equally to all persons, and after the same rate, whether per ton, per mile, or otherwise, in respect of all passengers, and of all goods or carriages of the same description, passing only over the same portion of the line of railway under the same circumstances; and no reduction or advance in any such tolls must be made either directly or indirectly in favour of or against any particular company or person travelling upon or using the railway. The above provision relating to equality of tolls applies only to goods passing between the same points of departure and arrival, and passing over no other part of the line; and more inequality in the rate of charge, when unequal distances are traversed, does not constitute a preference inconsistent with the provision. Where goods are carried for different customers "over the same portion of the line of railway," the fact that goods carried for one customer are to be shipped to certain ports in order to develop a new trade, or open up new markets, and so to increase the tonnage earned, does not constitute a difference in the circumstances so as to justify inequality of rates. If the company can carry at a less cost for one customer than for others, they may make him allowances, and if they do in good faith they need not show that the allowances are adequately represented by the saving.

Section 27 of the Railway and Canal Traffic Act, 1888, enacts as follows:—

"(1) Whenever it is shown that any railway company charge one trader or class of traders, or the traders in any district, lower tolls, rates, or charges for the same or similar merchandise, or lower tolls, rates, or charges for the same or similar services, than they charge to other traders, or classes of traders, or to the traders in another district, or make any difference in treatment in respect of any such trader or traders, the burden of proving that such lower charge or difference in treatment does not amount to an undue preference shall be on the railway company."

"(2) In deciding whether a lower charge or difference in treatment does or does not amount to an undue preference, the court having jurisdiction in the matter, or the Commissioners as the case may be, may, so far as they think reasonable, in addition to any other considerations affecting the case, take into consideration whether such lower charge or difference in treatment is necessary for the purpose of securing in the interests of the public the traffic in respect of which it is made, and whether the inequality cannot be removed without unduly reducing the rates charged to the complainant; provided that no railway shall make, nor shall the court or the Commissioners sanction any difference in the tolls, rates, or charges made for, or any difference in the treatment of, home and foreign merchandise in respect of the same or similar services."

"(3) The court or the Commissioners shall have power to direct that no higher charge shall be made to any person for services in respect of merchandise carried over a less distance than is made to any other person for similar services in respect of the like description and quantity of merchandise carried over a greater distance on the same line of railway."

The public referred to in the above Section is the public of the locality or district mentioned, and any

considerable proportion of the population in general, as opposed to an individual or association of individuals, will satisfy the description. The proviso in Clause 2 of the above Section does not prohibit all inequalities in rates as between home and foreign merchandise. If the facts would justify a difference between the goods compared if they had both been "home" merchandise, the railway company are not precluded from relying on those facts to justify a difference when home and foreign merchandise are compared.

A customer is not entitled to any allowance in respect of assistance in the loading, unloading, or weighing given by his men to the company voluntarily, or for the customer's own convenience. An incorporated association of traders can make complaint without representing any individual trader, and, without proof that any individual trader is aggrieved. If the practices of a railway company complained of, are in themselves legally objectionable, and may lead to consequences legally injurious to the interests of those represented by the applicants—their present effect may be trivial—that is enough to justify an application.

**The Contract.** If a railway company desire to exonerate themselves from their ordinary duties as carriers they must use clear and precise words for the purpose. It has recently been held that nothing in the law regulating railway companies provides that a railway company is a common carrier of goods. A person who sends goods by rail ought to inform the company if special care is required in dealing with the goods. By Sections 98 and 99 of the Railways Clauses Act, 1845, the owner or person having the care of any carriage of goods passing, or being, upon a railway, is bound, on demand, to give the collector of tolls an exact account in writing of the goods conveyed by any such carriage, and if the person gives a false account, with intent to avoid payment of tolls, payable in respect of the goods, he is liable to a penalty. If the consignment is a mixed parcel, a statement that there are so many barrels and so many cases, without specifying the contents, will not inform the company whether the goods are liable "to each or any of such tolls." Therefore, not only the number or quantity, but also the character of the goods, must be stated. A railway company is not responsible for the non-delivery of live stock, where the owner has, in defiance of the known course of business of the company, permitted them to be delivered at one of the company's stations without an acknowledgment from the proper officer of their receipt, for the purpose of being carried, although they are proved to have been delivered to one of the company's employees. Railway companies are not insurers of that portion of a passenger's luggage which is, at his request or with his consent, placed in the same carriage in which he travels or is about to travel; but they are liable for loss or injury to it caused by their negligence.

A railway company may make a special contract with the consignor respecting the receiving, forwarding, and delivering of goods, provided that: (1) it is in writing; (2) it is signed by the consignor or the person delivering the goods for carriage; (3) its conditions are just and reasonable (Railway and Canal Traffic Act, 1854, Sec. 7). Special contracts with railway companies, therefore, for the carriage of merchandise and chattels are placed under the control of the judges, so that the conditions imposed by the contract must be just and reasonable, and

no condition, however just and reasonable, can protect the company, unless it is contained in a contract signed in accordance with the statute. The section does not apply to loss or injury due to other causes than the "neglect or default" of the company. Therefore, there is nothing in the Section to prevent companies from protecting themselves from the liabilities of common carriers for injury not due to any neglect or default on their part by making conditions which, if assented to, or brought to the notice of the consignor, are binding, although they may not be reasonable nor signed. "Default" in the Section means default in the nature of negligence and within the scope of the servant's authority. The Section is only aimed at negligence and default of this nature. No goods may be lost by the default of a servant which is not in the nature of negligence nor within the scope of the servant's authority. Thus goods may be stolen by a servant without any negligence on the part of the company. This is a loss by the default of a servant; but this default is not within the Section, and the company may protect themselves against liability for such default by making conditions, although the conditions are neither reasonable nor signed. If, however, the theft of the servant was facilitated by negligence on the part of the company, the Section would apply. Again, Section 7 only applies to matters connected with the "receiving, forwarding, and delivering" of the goods. Therefore, conditions relating to matters after the transit is at an end are not within the Section. For example, a condition requiring claims to be made within three days of delivery where goods are said to have been injured, refers to matters arising after delivery, and the Section does not apply. Again, conditions relating to the warehousing of the goods after the transit is complete come under the same principle. It is liable for loss or injury from negligence against which companies are most anxious to protect themselves. They cannot do this, however, by any notice, condition, or declaration given or made to the consignor. No condition that a company makes limiting their liability for negligence is of any effect at all unless it is "just and reasonable." And, further, no special contract between the company and the consignor is binding on the consignor unless signed by him, even though it may be just and reasonable. Where an agent, who is employed to deliver cattle to be sent by a railway company, signs the consignment note, he must be taken to have notice of the contents, and to bind his principal. A man who can read who sends an agent who cannot read to sign a document or to enter into a contract in which a document must, to his knowledge, be signed, can not dispute his liability on the ground that his agent could not read its contents; for in such case the principal must be taken to be in the same position as though he had signed it without reading it. The reasonableness of the conditions in a special contract made by a railway company will materially depend upon the nature of the articles to be conveyed, the degree of risk attendant upon their conveyance, the rate of charge made, and whether the railway company were bound by the common law, or by statute, to carry the articles, on being paid the customary hire, or whether it was in their power to reject them altogether, and refuse to carry them on any terms. A stipulation that goods shall be carried "at owner's risk" only exempts the company from the ordinary risks incurred by goods in going along the railway, and does not cover injury

from delay caused by the negligence of the company.

At common law a railway company are bound to keep their station in a safe and proper state. Where merchandise is conveyed in trucks not belonging to the railway company, the trader is entitled to recover from the company a reasonable sum by way of demurrage for any detention of his trucks beyond a reasonable time. If a railway company accept goods for conveyance to a particular destination beyond the limit of their own line, and the goods are lost whilst in the hands of another railway company, to whom they have been delivered to be forwarded on their journey, the first railway company are the party to be sued by the owner of the goods for the loss of them, but the company may by express contract limit their liability to loss and damage occurring on their own line of railway. To claim exemption under such a condition, it must be proved that the goods passed into the custody of some other railway company, who would be responsible, before they were lost or injured. Where there is a through booking of goods, which necessitates their being carried over lines owned by different companies, a condition limiting the liability of the contracting company to wilful misconduct of its servants on its own line is valid. When goods are damaged in transit, the *onus* of proving that they were not damaged by the wilful misconduct of the servants of the contracting company on their line lies on the contracting company. If one railway company receive goods to carry part of the way, and then transfer them to another company to carry them to the place of destination, the agents of the latter company are agents of the first company for receiving notice of countermand, and if they receive such notice and pay no attention to it, the first company are responsible for the neglect. The consignee may receive the goods at any stage of the journey and may alter their destination at his pleasure.

A railway company have no right to make an increased charge for packed parcels, in order to prevent carriers from entering into competition with them in the conveyance of goods; and there is no difference between a packed parcel sent to an individual containing parcels belonging to a variety of people and parcels sent to an individual, all the contents being his own. But in certain cases an extra charge might be made for increased risk, and if the company have to make separate deliveries to several different persons, they are entitled to make an additional charge in respect of the increased trouble.

On application in writing to the secretary of a railway company by any person who has paid for the conveyance of goods, the company are bound to render an account to the applicant distinguishing how much of the charge is for conveyance, including tolls for the use of the railway, the use of carriages, and for locomotive power—and how much for loading and unloading, collection, delivery, and other expenses, but without particularising the items of such last-mentioned charge.

**Delivery of Goods to the Consignee.** In the absence of an express contract, railway companies are not bound to carry goods by the shortest route, but only by the route by which they usually carry them and which they profess to go, and which is a reasonable one. A carrier of goods or cattle is only bound to carry, in a reasonable time, under ordinary circumstances, and is not bound to use extraordinary

efforts or incur extra expense in order to surmount obstructions caused by the act of God, as a fall of snow. A contract by a railway company to carry goods by a given train, which ordinarily arrives in London at a particular hour, does not amount to a warranty that it will so arrive, although the company's servants are informed that the object of the sender requires that it should so arrive. It is competent to railway companies or other common carriers to say that they will decline to carry particular goods except upon condition that they shall not be liable for the loss of market. In estimating the damages for detention of goods, the loss of the season may be taken into consideration, but the loss of market, which may depend on an hour, is a very different thing. Railway companies do not warrant that their trains will arrive at their destination at a particular time. They clearly would not be liable unless they accepted the goods with notice that their arrival by a certain time was essential; and it would be a reasonable thing for the officers of the company to say that they would not take them with such a notice. In an action against a carrier for the loss of a parcel of goods, the measure of damages is, in general, the market value of the goods at the place and time at which they ought to have been delivered.

Although the consignor of goods directs a carrier to deliver them to the consignee at a particular place, the carrier may deliver them wherever he and the consignee agree. It is ordinarily the duty of the carrier to give notice to persons to whom goods are directed of the arrival of the goods, at all events, when delivery is to be taken at the office of the carrier, for the time when they ought to call for the goods is when the carrier is ready to deliver, and he alone is in a position to notify when that is. The amount of time a railway company ought to allow a consignee to unload and remove a consignment depends upon the varying circumstances of each particular case. It would seem that forty-eight hours after a consignee receives notice of the arrival of his goods is a reasonable time on the average. A charge for the use and detention of the waggons, caused by exceeding the time allowed by a railway company to unload in, should not (except where the permission to occupy an extra time unloading forms part of the original contract) be included in the rate for conveyance. The stationmaster is agent for the company to deliver goods, and if he assents to some other mode of delivery than the usual one, he will bind the company thereby. There is no general rule of law which requires carriers to give notice to the consignor of the refusal by the consignee to receive the goods, but carriers are merely bound to do what is reasonable under the particular circumstances of each case. It is the duty of a railway company to receive goods at, and deliver them from, the station to the consignee, or anyone authorised by him to receive them, and not to throw difficulties in his way. The company have no right to prefer themselves or any one carrier to another.

**Rates for Conveyance.** Railway companies are empowered by their special Acts to make certain specified charges for the carriage of goods and persons on their lines not exceeding the maximum rates allowed by the special Act. Railway companies may vary their rates as they think fit, but the charges for services rendered in pursuance of their statutory obligations must be the same to all, and must not exceed the maximum sums they are permitted to charge by their Acts. A list of the tolls authorised



by the special Act to be taken by the company must be published by the same being painted on one toll board and exhibited in some conspicuous place on the stations or places where such tolls are made payable. These tolls must be those in force for the time being, and not the maximum tolls authorised by the special Act. Every railway company and canal company must keep at each of their stations and wharves a book showing every route for the time being charged for the carriage of traffic, other than passengers and their luggage, from that station or wharf to any place to which they book, including any rates charged under any special contract, and stating the distance from that station or wharf of every station, wharf, siding, or place to which any such rate is charged. Every such book must, during all reasonable hours, be open to the inspection of any person, without the payment of any fee. These books of rates must show all rates, local as well as through, which are being charged from the station where the book is kept, but through rates need not be shown, in whole or in part, at any other station than the one from which the traffic carried at through rates is forwarded in the first instance. A railway company are not required to show how the through rates quoted by it are divided between the various railway companies running the traffic.

The book, tables, or other document in use for the time being, containing the general classification of merchandise carried on the railway of any company, must during all reasonable hours be open to the inspection of any person without the payment of any fee, at every station at which merchandise is received for conveyance, or where merchandise is received at some other place than a station, then at the station nearest such place, and the book, tables, or other document, as revised from time to time, must be kept on sale at principal offices of the company, at a price not exceeding 1s. Printed copies of that classification of merchandise and schedule of maximum tolls, rates, and charges of every railway company must be kept for sale by the railway company at each place and at such reasonable charge as the Board of Trade may prescribe. Where a railway company carry merchandise partly by land and partly by sea, the rate books must, besides containing all the rates charged for the sea traffic, state what proportion of any through rate is appropriated to conveyance by sea, distinguishing such proportion from that which is appropriated to the conveyance by land on either side of the sea.

Whenever any person receiving or sending, or desiring to send, goods by any railway is of opinion that the railway company are charging him an unfair or an unreasonable rate of charges, or are in any other respect treating him in an oppressive or unreasonable manner, such person may complain to the Board of Trade. That Board, if they think that there is reasonable ground for the complaint, may thereupon call upon the railway company for an explanation, and endeavour to settle amicably the differences between the complainant and the railway company. Certain bodies may make complaint to the Railway and Canal Commissioners (*q.v.*). The courts of law, and not the Railway Commissioners, are the proper tribunals to decide the question of an alleged overcharge made by a railway company to a customer.

**RAILWAY COMPANIES' LIABILITIES.**—Every railway company is liable for loss of, or injury done to, horses, cattle, or other animals, or to any articles, goods, or things, in the receiving, forwarding,

or delivering, thereof, occasioned by the "neglect or default of the company or its servants," notwithstanding any notice, condition, or declaration made and given by such company contrary thereto, or in anywise limiting such liability; and every such notice, condition, or declaration is null and void. But there is nothing to prevent a railway company making a special contract with the consignor respecting the receiving, forwarding, and delivering of goods, provided that: (1) It is in writing; (2) it is signed by the consignor, or the person delivering the goods for carriage; (3) its conditions are just and reasonable. This provision does not alter or affect the rights and liabilities of the railway company under the Carriers' Act (*q.v.*) with respect to the articles mentioned in that Act. Loss, by theft of a railway company's servants without negligence on the part of the company, is not occasioned by the neglect or default of such company or its servant within the meaning of the above provision, and, therefore, a company can at common law protect themselves against liability by special contract, although such contract might not be reasonable. The term "servants" includes agents whom the company employ to do what they have contracted to do.

It lies upon the company to show that the contract is reasonable; and if it is to be upheld as reasonable because a reasonable alternative offer was made, the company must prove this. Where the higher rate is within the parliamentary limit, it will be assumed to be reasonable unless shown to be prohibitory or excessive. The fact that traders invariably adopt the lower rate is no evidence that the higher is unreasonable. Where the special contract offers an option to carry at the company's risk at a higher rate, which is within the parliamentary limit and is posted up in the offices, there is evidence that the option was offered. Where no fair option is given, it is clear that conditions exempting the company from liability for neglect or default are unreasonable and void.

Goods carried at "owner's risk" means at the risk of the owner, and only exempts the carrier from the ordinary risks of the transit, and does not cover the carrier's negligence or his negligent delay, even though less than the usual freight is charged. If a railway company charge two rates for the conveyance of certain articles—one the ordinary parliamentary rate, when they take the ordinary liability of the carrier and the other a reduced rate, in which case they make it a condition of carriage that the sender relieves them of all liability for loss or damage, except upon proof that such loss or damage arose from wilful misconduct on the part of the company's servants—the condition relieving the company when goods are carried at the lower rate is "just and reasonable." The question of the reasonableness of the alternative rate is for the judge and not for the jury. When a railway company agree to carry at a reduced rate (the contract being *bona fide* and not colourable) upon condition of being relieved from the ordinary liability for negligence, and to be responsible only for the consequences of the wilful misconduct of their servants, it will be for the plaintiff in an action for injury to the goods carried, to prove more than culpable negligence. There must be evidence of actual wilful misconduct causing the injury. Delivery of the goods to a person whom the servant of the railway company knows not to be the consignee or his agent is "misconduct." The reasonableness of the conditions

in a special contract made by a railway company will materially depend upon the nature of the articles to be conveyed, the degree of risk attendant upon their conveyance, the rate of charge made, and whether the railway company were bound by the common law, or by statute, to carry the articles on being paid the customary hire, or whether it was in their power to reject them altogether and refuse to carry them upon any terms. A condition is reasonable which reduces a railway company's liability to a minimum if it is coupled with compensatory advantages, such as cheapness of carriage, and the customer has the alternative of getting rid of the condition by paying a reasonably higher rate. A railway company cannot compel the senders of goods to put on the consignment notes the words "owner's risk" or any similar words.

A fish merchant delivered fish to a railway company to carry upon a signed contract, relieving the company as to all fish delivered by him "from all liability for loss or damage by delay in transit or from whatever other cause arising," in consideration of the rates being one-fifth lower than where no such undertaking was granted, the contract to endure for five years. The servants of the company accepted the fish, although from pressure of business they could not carry it in time for the intended market, and the fish lost the market. It was held by the House of Lords that upon the facts the merchant had a *bond fide* option to send fish at a reasonable rate with liability on the company as common carriers, or at the lower rate upon the terms of the contract; that the contract was in point of fact just and reasonable, and that the company were not liable for the loss (*Manchester, Sheffield, and Lincolnshire Railway v. Brown*, 1883, 53 L.J.Q.B. 124). Cattle were carried by a railway company under a special contract signed by the consignor, which stated that the company had two rates for the conveyance of cattle: one, the ordinary rate, when they took the ordinary liability of the carrier, the other a reduced rate; that these cattle were to be carried at the reduced rate; the company to be relieved from all liability in case of damage or delay, except upon proof that such loss, detention, or injury arose from wilful misconduct on the part of the company's servants. A notice was posted up in the company's office which stated that the company had two rates, namely, the owner's risk rate on the terms above given, and the company's risk rate, which was 10 per cent. above the owner's risk rate, at which the company undertook the ordinary risk of carriers in respect of rail transit, limited for neat cattle to £15, for pigs and sheep to £2, but did "not admit liability for any animals dying of disease or arriving at destination in such condition as not to be able to walk from the truck." The consignor had never seen any rate but the owner's risk rate. Cattle dealers had ceased sending cattle at the higher rate. The higher rate was less than the maximum allowed by the company's Acts. No list of rates was exhibited. The cattle have been injured through the negligence (but not the wilful misconduct) of the company's servants, it was held that the notice of the higher rate was not invalidated by the limitation as to value, nor by the fact that it did not mention the terms upon which the cattle could be carried without limitation of value, that the clause as to not admitting liability meant only that the liability must be established by proof that so construed, the condition was just and reasonable; that the consignor might have known, and

must be taken to have known, the terms of the higher rates, and had the offer of a just and reasonable alternative, and that the company were, therefore, protected by the special contract (*Great Western Railway v. McCarthy*, 1887, 12 A.C. 218).

Cattle were delivered carriage prepaid to a railway company for carriage on the terms of signed conditions, whereby, in consideration of an alternative reduced rate, it was agreed that the company were "not to be liable in respect of any loss or detention of, or injury to, the said animals, or any of them, in the receiving, forwarding, or delivery thereof, except upon proof that such loss, detention, or injury arose from the wilful misconduct of the company or its servants." The cattle were carried, but on application made for them by the plaintiff, the railway company, in consequence of their clerk having negligently omitted to enter the cattle on the consignment note as "carriage paid," refused to deliver them, and alleged that the carriage was not paid. The cattle were exposed to the weather until the next day, when the mistake having then been ascertained, they were delivered. They were damaged by the exposure. It was held that the withholding of the cattle, under a groundless claim to retain them at the end of the transit, was not "detention" within the conditions, and the company were, therefore, liable.

The plaintiffs sent horses by an ordinary goods train to be carried on the defendants' line from Castle Island to Dublin. There were no horse boxes at the station, but the porter of the defendants' company, without objection by the plaintiffs, put them into an ordinary goods wagon. The defendants had different rates for the conveyance of horses: Two rates for horse-boxes, and a specially reduced rate for wagons, at which the animals were to be carried at the owner's risk, and the company to be exempted from liability, except from loss or damage caused by the wilful misconduct of their servants, and at the wagon rate in case of loss or damage—however caused, no claim exceeding £10 was to be allowed for any one horse. At the full rate for horse-boxes, the defendants undertook the ordinary liability of carriers. This condition, amongst others, was indorsed on the loading docket, signed by the plaintiffs, and they also signed a declaration that the value of each horse did not exceed £10, and that they were delivered to the defendants for conveyance in cattle or goods wagons, and were to be carried entirely at the owner's risk. The floor of the wagon was smooth, and some of the horses slipped and injured themselves during the journey. It was held (1) that, having regard to the alternative rates, the contract of carriage was a reasonable one, and was not rendered unreasonable by the want of horse-boxes at the station, in the absence of any requisition for them by the plaintiffs, (2) that there was no implied condition in the contract that the wagon supplied was reasonably fit for the conveyance of horses, (3) that the plaintiffs, having signed a declaration that the horses were under the value of £10 each, were precluded from objecting that the conditions were unreasonable as exempting the company from liability beyond that amount, even in case of wilful misconduct (*Neven v. Great Southern and Northern Railway*, 1890, 30 L.R. Ir. 125). (See CARRIAGE OF ANIMALS.)

The plaintiff consigned sheep skins for carriage from Fiddington to Winchester by the defendants' railway "at owner's risk," exempting the defendants from liability, except upon proof that the loss arose

from the wilful misconduct of the defendants' servants. The skins were packed by the defendants' servants at Paddington on wood chips laid on the floor of the truck. In consequence, the chips got entangled in the wool and the skins were injured. In answer to a complaint by the plaintiff, the stationmaster at Winchester wrote that the defendants were not liable because the goods were carried at owner's risk, and continued: "I have, however, asked our Paddington people not to use the kind of litter you object to in the future." The plaintiff subsequently consigned another lot of sheep skins from Paddington to Winchester by the defendants' railway at owner's risk, and they were similarly damaged through being packed on wood chips. It was held that, in the absence of proof that the danger of using wood chips was communicated to those in charge of the loading at Paddington, there was no wilful misconduct on their part in loading the skins as they did, and that the defendants were not liable (*Forder v. Great Northern Railway Company*, 1905, 2 K.B. 532).

**RAILWAY, CONSIGNMENT OF GOODS BY.**—It is curious, to say the least of it, that whereas many a man makes a profound study of the art of buying general merchandise, he pays very little attention indeed to the purchasing of the transport for the goods after he has once made his deal with the broker or supplier. Until recent years— notwithstanding its importance—the question of transport was practically ignored by the great bulk of traders of this country, and even to-day very few men study the subject of transportation as it should be studied. One reason for this—and probably the chief reason—is that the subject is by no means an easy one to master, on the contrary, it is beset with difficulties, and without guidance one is very likely to go wrong and lose money. The purpose of this article is to assist the reader in securing that his goods are conveyed from one point to another at the lowest possible cost, and to ensure, also, that if anything goes amiss during transit he is in a position to obtain any compensation legitimately due to him from the railway company.

Now what the price list is to the buyer of general merchandise, the *General Railway Classification* is to the traffic man—that is to say, it is the official publication telling the purchaser of transport under what heading the various commodities fall or are to be found, and what rates are chargeable for the conveyance of each of those commodities, and hence every employer of the railway companies—and we are all employers of these large carrying concerns in one way or the other, to a greater or lesser degree—should obtain a copy of the *General Railway Classification*—as he can do for the sum of 1s.—through any railway goods agent, it being laid down by law that this publication shall be supplied on application for the sum named.

**Study the General Railway Classification Closely.** A perusal of the *Classification* reveals the fact that not only are various goods charged at different rates, but the method and form of packing influence the rate also. Here, for instance, is how wax is classified in the *Railway Classification*—

| Article.                                   | Class. |
|--|--------|
| Wax, for dressing leather . . . . .        | 2      |
| Wax, bees' . . . . .                       | 2      |
| Wax, common, for sealing bottles . . . . . | 1      |
| Wax, Japan . . . . .                       | 2      |

| Article.  | Class. |
|---|--------|
| Wax, paraffin . . . . .                                       | 1      |
| Wax, sealing, for mail bags and Parcel Post hampers . . . . . | 1      |
| Wax, sealing, c. o. h. p. . . . .                             | 3      |
| Wax, shoemaker's . . . . .                                    | 2      |
| Wax, vegetable . . . . .                                      | 2      |

Now seeing that wax is provided for—as shown above—in three different classes, it will be obvious that the proper thing to do, when forwarding a parcel of wax by railway, is to state on the consignment note for what purpose the wax is to be used, otherwise the wrong rate may be applied. Suppose, for example, a supplier in London hands a consignment of wax, weighing 1 cwt., to the London and North Western Railway Co. for conveyance to "A Trader & Co.," in the north of England, and that he merely describes the package on his consignment note as "1 Case Wax," the railway invoicing clerk would apply the highest rate applicable to "Wax" to the consignment, and charge the Class 3 rate, which, we will assume, is 60s. per ton, and the cost of the 1 cwt. parcel at 60s. per ton at the "Smalls" scale would be 7s. 4d.; but suppose the wax was of a common kind and was intended for sealing bottles, the Class 1 rate would be applicable, and the charge for a 1 cwt. parcel at the Class 1 rate (which, we will assume, is 30s. per ton) would be only 4s. It will thus be seen that through his indifference or carelessness in properly describing the consignment on his forwarding note the buyer of the transport—and, of course, that is what the supplier really is when he forwards a parcel of goods by railway—actually loses 3s. 4d. in carriage charges—or, in other words, pays the railway company 3s. 4d. more than there is any reason to—more than the proper charge—for the carriage of this parcel. In such an event it would be useless for the supplier—when he discovered the overcharge—to apply for a refund on the score that he omitted to give a full and proper declaration of the traffic. The railway company would argue—and would be entitled to argue—that as the initial fault was his, and as he did not do what the law says he must do—by which we mean describe his goods accurately on the forwarding note—he must accept the consequences and stand the loss.

Take another example: there are two rates for the conveyance of castor oil, which are as follows—

| Article.  | Class. |
|---|--------|
| Castor oil, for lubricating machinery, in tins packed in wooden cases . . . . . | 1      |
| Castor oil, in casks or iron drums, round or tapered at one end . . . . .       | 1      |
| Castor oil, c. o. h. p. . . . .   | 3      |

#### Contents and Weight Should be Plainly Declared.

And such being the case obviously the consignor should in his own interests state, when forwarding a consignment, for what purpose the castor oil is going to be used, otherwise an overcharge may occur. And so on in each instance; it is essential that a full and accurate description be given on the consignment note for all traffic required to be forwarded by rail.

Incidentally, it may be mentioned that heavy penalties can be—and occasionally are—imposed for the wilful mis-declaration of traffic, and the courts—quite rightly—look upon this practice as most reprehensible.

Besides giving a full description of the contents

of the package or packages, the consignor should also state on his consignment note, whenever this is possible, what is the exact gross weight of the package, or the exact gross weight of all the packages making up the consignment. For this reason: 1 lb. very often makes a considerable difference in the carriage charges—especially since the revision of the railway rates and the doubling of the "Smalls" scale which has followed the establishment of the Ministry of Transport. Thus, the charge for a consignment weighing exactly 1 cwt, at 50s. per ton at the "Smalls" scale is 6s. 4d, but the weight of a consignment weighing just 1 lb. heavier is 7s. or eightpence more. This is accounted for by the fact that 1 cwt 0 qr, 1 lb., is chargeable as 1 cwt, 0 qr, 14 lb. Again, the railway carriage on a parcel weighing exactly 56 lb., at the rate of 70s. per ton, at the "Smalls" scale is 4s. 10d, whereas the charge for a 57 lb. parcel—a parcel just 1 lb. heavier—at the same rate and scale is 5s. 8d. It will be seen that in the latter case the difference of 1 lb. in weight makes a difference in the charge of 10d., and clearly it is in the trader's own interests to state the weight whenever this is known. If it is left to the goods porter at the forwarding station to pass the consignment over the railway company's scales before dispatch, it is just possible—as experience proves—that the work may be performed very hurriedly and an inaccurate weight recorded—to the detriment and cost of the one who pays the carriage charges.

It is also very important to state clearly and definitely on the forwarding note who is responsible for the carriage charges. Of course, some goods are bought "Free on Rail," others "Carriage Paid," and it would surprise the average man to know how many mistakes are made in this connection. Some consignors omit altogether to say who is responsible for the carriage; others make a careless statement that the carriage is to be paid by the consignee when, as a matter of fact, the sender himself is responsible; whilst others reverse the position—and consequently considerable confusion arises. By this we mean that consignments are tendered to the consignees with the carriage charges to pay, and the buyer, knowing that the goods were brought on "Carriage Paid" terms, declines to pay, with the result that the carrier declines to deliver up the goods and takes them back to the railway station to await a settlement of the dispute. In other instances, the goods are delivered without the carriage charges being collected and then afterwards the sender—discovering his error—seeks to make the railway company the collector of the carriage charges. And in these various instances needless trouble and expense is involved, and very often bad feeling is created not only between the railway company and the supplier, with whom the initial mistake lies, but very often—and what is in many instances far worse—between the supplier and the buyer, and many a good account has been lost in consequence.

**All Goods Should be Well Packed and Fully Addressed.** We hold no brief for the railway companies, of whose weakness as well as strength we are fully aware—but we do most certainly support their appeal to the trading community to pack all goods intended for conveyance by rail thoroughly well, and to label each package fully and accurately. We know all that can be said about the stronger and the bulkier the package

the more expense there is in preparing the goods for transit, but we have very good reasons to know that this question of packing has, for years past, been watched very closely by the railway companies of this country, and they are determined at all costs to tighten things up in this connection. We have already had an exhibition of their determination in the introduction, by the Railway Clearing House of far more stringent regulations with regard to fibre board boxes. We also know from a very extensive experience in these matters that a considerable amount of loss and damage is occasioned by faulty packing and that the railway companies are in no way to blame for many of the happenings for which claims are made. More than this it is unnecessary to say, and we can only recommend our readers in their own interest to pack their goods as well as they are able under the existing circumstances, and so ensure as far as possible that their goods are delivered into their customers' hands in a fit and proper condition.

Experience also leads us to encourage our readers to label all their packages with the full postal address of their customers. Thousands of consignments have been either entirely or partly lost in transit simply because the packages have not borne any mark of identification—much less a properly addressed label. Indeed, at one time, there was such an accumulation of unaddressed and unidentified goods at Erewa Station that the only means of relieving congestion thereby caused was to forward this miscellaneous traffic, which amounted to nearly a train load, to the lost property warehouses to await claims.

Moreover, it has been held by the courts that if a trader does not properly label his goods and the consignment goes astray in transit, he cannot hold the railway company to blame, but must himself bear the loss.

**Save by Bulking.** Considerable economies can be affected by *bulking* goods for conveyance by railway when once the principle has been thoroughly mastered. The term "to bulk"—as the phrase indicates—means to lump two or three or more consignments together as *one lot* for carriage charges purposes.

It is one of the general conditions of the railway companies that "each consignment must be separately charged over the railway," but another rule provides that where there are several small parcels going from the same sender to different consignees the other end they may be "bunked" so as to secure the advantage of the "tonnage" rate provided "split deliveries" are charged for separate cartage services performed at the delivery stations.

The exact amount to be saved by lumping several small lots together in this manner depends, of course, upon the number of consignments so forwarded, the distance the goods are to be conveyed also has a bearing on the matter, so that it is impossible in an article of this description to say definitely how much can be saved in each instance.

Another rule provides that where there happens to be a large consignment and several small consignments, the total weight of *all* the consignments may be taken to make up the gross tonnage for the application of the tonnage rate to the large parcel. Sometimes this is a very useful exception. Thus there may be a tonnage rate of (say) 40s for 2-ton lots, and the trader may have only a large consignment weighing 35 cwt. and therefore be unable—in

the ordinary course—to claim the advantage of the 2-ton rate, but if he has two other small consignments, each weighing, we will suppose, 2½ cwt., so that the total weight of the three lots amounts to 2 tons, he can have the 2-ton rate applied to the 35 cwt. lot, whilst the two small consignments, weighing 2½ cwt. each, would be charged at what is called the “small” scale. Here again the exact saving to be effected depends upon the weight of the goods forwarded, and the rate applicable to the different classes of goods, but experience will prove that once the principle of bulking is properly understood and applied—as a result of a complete understanding of the regulations to be found in the first few pages of the *General Railway Classification*—vast savings can be made.

Arising out of the war the practice has grown up for several firms in one town to forward their goods on the same day so as to secure full truck loading and the advantage of the cheaper rates applicable to full-truck loads. The railway companies encourage this because it saves truck space and enables these rail carriers to arrange that trucks go right through to their destination without being touched en route. When goods are not bulked in this way they have to be sent to what is called a “tranship” station to be re-loaded there into other trucks bound for the particular station to which the goods are consigned, and this second handling very often involves damage or loss, so that when the bulking principle is adopted, either by the trader acting alone, or in conjunction with other traders, both the trader and the railway company profit.

**State at Whose Risk the Goods are to be Conveyed.** One of the most important things which the trader has to bear in mind when forwarding goods by railway is to state definitely on the forwarding note at whose risk the goods are to be conveyed.

Generally speaking, there are two rates for the conveyance of traffic over the English railways—one known as the “Company’s Risk” rate, and the other the “Owner’s Risk” rate.

As a general rule it may be stated that when goods are consigned and conveyed at the company’s risk, the railway company is responsible for any damage or loss which may occur during transit—always provided that certain rules and regulations to which reference will be made later on are complied with, but when the goods are conveyed at the owner’s risk, the consignor undertakes to relieve the railway company of all liability for any loss or damage or delay which may occur in transit unless it is proved conclusively that such loss, damage, or delay is the result of wilful misconduct on the part of the railway company’s servants.

The difference in the two rates—that is, the company’s and the owner’s risk rate—is very often considerable, in the case of passenger train traffic it is sometimes as much as 50 per cent., or, to put it in concrete form, whereas the conveyance charge for a consignment conveyed at the company’s risk by passenger train would be 5s., the charge for the same parcel at the owner’s risk scale may very likely be only half of the sum, namely, 2s. 6d. And it is because of the great savings to be effected by having his goods conveyed at the owner’s risk that the trader so forwards his goods. In the case of goods train traffic, the difference is not so great, for whereas the company’s risk rate may be 40s. per ton, the owner’s risk rate may be only 35s. per ton, and the saving to be effected is therefore only 5s.

per ton, or 3d. per cwt. In a very “firm” and difficult market the difference of 3d. per cwt. may be a consideration, but it is, of course, for the individual trader to decide according to the requirements of his business whether or not he will forward his goods at the company’s or owner’s risk.

This much, however, must be said: some cases of very great hardship have arisen, legal decisions have been given which have come as a very great surprise to the whole of the trading community and make the present position exceedingly difficult if not impossible. Thus: in the case of *Wills v. Great Western Railway Co.* it was decided by the House of Lords that if a consignment of goods is consigned and carried at the owner’s risk and the consignment is short delivered by a number of packages, the railway company is not liable, as by delivering a portion of the consignment they have virtually delivered the consignment and no liability attaches to the carriers for the short delivery of the other portion unless, as already stated, it can be proved conclusively that the short delivery is the result of wilful misconduct on the part of the company’s servants. To put the matter in another way, the result of this *Wills’* decision appears to be this: that if a consignment of (say) twenty packages is forwarded, and only two of the packages are delivered, the company have carried out their part of the contract and cannot be held liable in the matter except upon production of the proof previously mentioned.

Numerous other cases of an equally important and far reaching character could be quoted—all going to show that when goods are consigned at the owner’s risk it is almost impossible to hold the railway company liable for anything which may occur en route—but the foregoing is sufficiently indicative of what responsibility the consignor accepts when forwarding his goods at the owner’s risk. It appears to be all a question of whether the saving to be effected by consigning one’s goods at the owner’s risk sufficiently compensates the owner of the goods for the responsibility which he assumes.

**Obtaining a Receipt.** Our final advice to the consignor is to obtain a receipt from the railway company for each parcel of goods, as the first thing which a claimant must do when he prosecutes a railway company for goods lost in transit is to produce such evidence as will convince the court that the goods claimed for were actually handed to the carriers for transit. We have known cases where railway companies have disclaimed all liability for goods lost in transit and the owner of the goods has been unable to obtain any compensation simply because he omitted to obtain a receipt at the time of forwarding. Sometimes it happens that consignments get away from the forwarding station “unentered”—by which we mean forwarded without a “waybill”—and in such an event the railway company’s agent is unable to trace the dispatch of the goods and hence would naturally disclaim all knowledge of the traffic when a claim is forthcoming. The wise trader will therefore make it a practice to obtain a receipt for each and every parcel which he dispatches by railway, so that, if necessary, this can be produced to satisfy the carriers that the goods were forwarded and the contract for conveyance entered into by them.

**The Sender’s Right of Stoppage in Transit.** Section 44 of the Sale of Goods Act, 1893, provides

that "When the buyer of goods becomes insolvent, then the unpaid seller who has parted with the possession of the goods, has the right of stopping them in transit, that is to say, he may resume possession of the goods as long as they are in course of transit, and may retain them until payment or tender of the price. A person is deemed to be insolvent within the meaning of this Act who either has ceased to pay his debts as they become due, whether he has committed an act of bankruptcy or not." This right of stoppage in transit is very important as the consignor can, of course, by exercising the right, if he discovers after he has dispatched a parcel by railway that the consignee has become insolvent, stop delivery of it and re-take possession of the consignment.

There is no set form whereby the railway company must be notified that the seller of goods desires to effect the stoppage in transit; notice may be given either verbally, in writing, or by wire. The point is really covered by Section 44 of the Sale of Goods Act, already referred to which provides as follows: "The unpaid seller may exercise his right of stoppage in transit either by taking actual possession of the goods, or by giving notice of his claim to the carrier or other bailee or custodian in whose possession the goods are. Such notice may be given either to the person in actual possession of the goods or to his principal. In the latter case, the notice, to be effectual, must be given at such time and under such circumstances that the principal, by the exercise of reasonable diligence, may communicate it to his servant or agent in time to prevent a delivery to the buyer. When notice of stoppage in transit is given by the seller to the carrier, or other bailee or custodian in possession of the goods, he must re-deliver the goods to, or according to the directions of the seller." In practice, however, what usually happens is this: the railway company, to whom a request to stop goods is sent, asks the consignor to sign a stamped stereotyped agreement form whereby he undertakes to accept full responsibility for such act and to relieve the company from all liability in the matter.

**The Receiver's Position.** When goods are conveyed at what is known as a "S to S" rate—that is to say, a rate under which the railway company only agree to provide terminal facilities and haul the goods from one station to another to await removal from the destination station by the consignee—it is the practice of the company to acquaint the addressee of the arrival of the consignment, by phone or letter. In the case of the *Neston Colliery Co v. London and North Western Railway Co*, the Commissioner declared that "It is, we think, ordinarily the duty of a carrier to give notice to persons to whom goods are directed of the arrival of the goods, at all events when delivery is to be taken at the office of the carrier, for the time when they ought to call for the goods is when the carrier is ready to deliver, and he alone is in a position to notify when that is."

But when goods are conveyed and carried at what is known as a "delivered" rate—a rate, that is, which includes delivery by the railway company to the consignee's premises—the delivery is, of course, effected by the company's teams as soon as circumstances permit—except, we must add, in those instances where there is no cartage staff kept at the destination station for the performance by the railway company of the cartage work.

**Early Examination Essential.** In any event, how-

ever, it is important that the consignee examines his goods immediately they come into his possession. If—in the case of goods carried at "S to S" rates—he goes to the railway station to fetch the traffic he should make a careful external examination of each and every parcel forming the consignment before he definitely accepts delivery, and certainly before he gives a signature as a receipt for the consignment. If, on the other hand, the goods are carted by the railway company to the consignee's door, examination should be made directly the packages are tendered for acceptance, and a careful examination made of the whole lot before any signature is given.

If anything is noticed amiss at the time of arrival, a careful note in accordance with the exact condition of the goods should be made on the railway company's delivery sheet against the consignee's signature so that it cannot afterwards be said that "the goods were in perfect order when delivered and nothing is known of any damage or breakage having occurred during transit"—to quote a stock argument.

It is also a very good plan—wherever this is possible—to pass each package over the scales before a signature is given. For this reason occasionally a robbery will take place during transit and it will be impossible to detect—by means of an external examination—that anything of the kind has happened, whereas on weighing the package the irregularity may be discovered. As an instance, on the carman's delivery sheet the weight of the consignment may be shown as 20 lb., but on weighing the package, it may be found that it weighs only 16 lb. This would be quite sufficient to arouse suspicion, and would certainly justify a claim if it is discovered on unpacking that a portion of the goods have been extracted.

Incidentally, it may be remarked that it is the duty of the consignee to remove his goods within a reasonable time after their arrival at the destination station. What amounts to a "reasonable time" depends upon the nature and size of the consignment. Thus: large consignments of coal arriving at a private siding are allowed four days for clearance; a full truck-load arriving at a railway station must be cleared within forty-eight hours, and so on. If the consignee is in any way negligent in this respect and fails to remove his goods within a reasonable time, serious consequences may ensue, and the railway company's liability may be practically nil, if not absolutely so. For instance, in the case of *Chapman v. Great Western Railway Co*, a parcel of goods was consigned to Wimborne Station "to be left till called for." The parcel duly arrived at Wimborne and was placed in the railway company's warehouse to await clearance, but the warehouse in question and the whole of its contents were burnt down some three days later. The consignee brought an action against the company for the value of the consignment, but the court held that the railway company were in no way to blame. The Appellate judges in this case unanimously said: "The question is, whether the goods are to be considered as having been in the custody of the defendants as carriers—in which case the defendants would be liable for the loss, though not arising from any fault of theirs; or as warehousemen—in which case they would be liable only for the want of proper care, which is not alleged to have been the case here." And they held that as the



**How to Make a Railway Claim.** If the suggestions which have been made in the preceding portion of this article have been acted upon it will be found that the successful presentation of a railway claim will be an easy matter.

Many traders fail altogether to protect themselves when either forwarding goods by railway or receiving goods from the hands of a railway company, after the conveyance has been effected, and then wonder why it is that they cannot secure any compensation from these carriers when anything goes amiss. It is curious, to say the least of it, that whereas a trader will make a careful note as to what are the conditions under which he can secure the very best terms from his suppliers—in the matter of discount, for example—and sees to it that his accounts are paid within the time stated so that he can obtain the allowance thus due to him, the same man will neglect altogether to study how best to secure his legitimate rights from the hands of the big carrying concerns.

A railway claim, like an invoice to a customer for goods supplied, should be fully detailed and drafted somewhat as follows—

THE GREAT WESTERN RAILWAY CO.,  
Paddington Station

Drs to Messrs. JONES & ROBINSON,  
St. Paul's Churchyard,  
LONDON.

To value of 3 Pairs of Boots stolen in  
transit from one case ex Brown &  
Smith, Northampton, delivered to us  
this morning  
3 Pairs of Boots — 45s per pair . . . 6 15 0  
Reference No  
C 519.

£ s. d.

46 15 0

Kindly acknowledge receipt of this claim, and note—  
This confirms our complaint to your carman at the time of delivery

Of course the claim should be a precise statement of facts—that is, it should give such information as can be verified to any railway official who may seek to check the details without delay; and the footnote should refer to any pertinent fact which will enable the railway company's official to check the statement immediately on receipt of the debit note at the goods station.

It is important that an acknowledgment of each claim should be asked for and that an acknowledgment be obtained. Sometimes it happens that a railway claim will get mislaid, or perhaps, lost in the post, and in such an event, if a reminder is sent to the railway company and the company's agent cannot trace receipt of the original demand, the claimant will probably be told that there is no trace of the original and, at this distant date no liability can be admitted.

**The Time Limit for Claims.** There is no general rule governing the preparation and presentation of each and every railway claim; all that it is possible to say under this heading is that a railway claim should be presented to the company at the earliest possible moment. There are certain rules which are common to all leading railway companies. One provides that: "No claim in respect of goods for loss or damage during transit, for which the

railway company may be liable, will be allowed unless the same be made in writing within three days after delivery of the goods in respect of which the claim is made." And many a claim has been rejected by the railway companies because it has not been made within the time specified in this condition.

Another general rule provides that: "No claim in respect of goods lost in transit will be allowed unless the same be made in writing within fourteen days after the date of dispatch." In the celebrated case of *Barnard & Sons v. London and South Western Railway Co.*, it was submitted that this condition was unreasonable and did not, in the majority of instances, given the owner of goods an opportunity to protect himself; but the Appeal Court held that the condition was just and reasonable, and the trader, therefore, has no alternative—if he wishes to succeed with his claim—but to present the debit note to the carriers within fourteen days after the date of dispatch if any of his goods are not delivered within the fortnight. It is not sufficient merely to complain by letter of the short delivery of a consignment or portion of a consignment. That step was taken in the *Barnard* case quoted above, but the letter of complaint of the short delivery was not admitted to be a claim, or even a provisional claim, in view of which ruling the prudent man will see to it that his claim goes in well within the specified period.

**Damages Recoverable.** In the case of *Hadley v. Baxendale*, this general rule was laid down: "When two parties have made a contract which one of them has broken, the damages which the other party ought to receive in respect of such breach of contract should be such as may fairly and reasonably be considered either arising naturally, i.e., according to the usual course of things from such breach of contract itself, or such as may be reasonably supposed to have been in the contemplation of both parties at the time they made the contract, as the probably result of the breach of it."

In the case of *O'Hanlan v. Great Western Railway Co.*, it was laid down that the damages recoverable in an action at law are the market value of the goods at the time and place at which they were, or should have been in the ordinary course of events, delivered. But in practice the railway companies—when they admit any liability—offer to pay the trader the invoiced price of the goods. In other words, what the railway companies pay in effect is this: "If we pay you what you would have received from your customer had the goods been delivered, that is all you can expect us to pay and all that we admit we are liable for."

**Who Should Sue and Where.** Strictly speaking, it is the owner of the goods who should make the claim upon the railway company and, as in the great majority of cases, it is the consignee who is the real owner of the goods, it is he who should make the claim. In the case of *Arrol & Son, Ltd., v. North British Railway Co.*, a claim was made upon the carriers for goods lost in transit. The defence of the railway company was that the claimants, the consignees of the goods, had no title to sue, inasmuch as the property in the goods passed from them to the consignee; and the Court sustained this defence and non-suited the claimants.

On the other hand, sometimes a railway company will not admit liability, arguing that no contract exists between them and the claimant. This reply



is given in those cases where the goods pass over more than one railway. It is as well, therefore, to point out at this juncture that, in law, the contract to convey the goods is between the sender and the railway company to whom he hands the goods for conveyance, and if it is necessary to sue, the summons should be taken out by the sender of the goods—as the agent of the consignee if, he, the consignee, happens to be the owner of the goods and has paid for them on "free on rail" terms—against the railway company who accepts the goods from him for conveyance to their destination.

**Railway Rates in Theory and in Practice.** In order thoroughly to understand what follows it is necessary at this point to explain briefly how railway

rates are knitted up—and actually that is what occurs; that is to say, a railway tonnage rate is made up of several different charges for different services; thus "haulage" along the line from the forwarding station to the destination station, the provision of station accommodation at both ends, the loading of the traffic at the forwarding station, and the unloading of it at the destination station, and the provision of plant and labour both ends as well as, in many cases, the performance by the railway company of the cartage service at the forwarding and delivering points.

**How a Railway Rate is Built Up.** Hereunder is given the Great Western Railway Co.'s scale of maximum rates for merchandise in Classes C. 1 to 5, as prescribed in that company's special Act—

SCALE NO. 1.—MAXIMUM RATES FOR CONVEYANCE

| In respect of Merchandise comprised in the under-mentioned Classes | Maximum Rates for Conveyance                                  |   |   |                                   |
|--|---|---|---|-----------------------------------|
|  | For Consignments except as otherwise provided in the Schedule |   |   |                                   |
|  | For the first 20 Miles, or any part of such Distance          | For the next 30 Miles, or any part of such Distance | For the next 50 Miles, or any part of such Distance | For the remainder of the Distance |
|  | Per ton per mile.   | Per ton per mile                                    | Per ton per mile                                    | Per ton per mile.                 |
| C  | 1 80  | 1 50  | 1 20  | 0 70                              |
| 1  | 2 20  | 1 85  | 1 40  | 1 00                              |
| 2  | 2 65  | 2 30  | 1 80  | 1 50                              |
| 3  | 3 10  | 2 65  | 2 00  | 1 80                              |
| 4  | 3 60  | 3 15  | 2 50  | 2 20                              |
| 5  | 4 30  | 3 70  | 3 25  | 2 50                              |

Here is the same company's scale of charges for the provision of station terminals and various other services as provided for in the same Act—

SCALE NO. 2.—MAXIMUM STATION AND SERVICE TERMINALS

| In respect of Merchandise comprised in the under-mentioned Classes | Maximum Terminals            |                    |                  |                |                |
|--|------------------------------|--------------------|------------------|----------------|----------------|
|  | Station Terminal at each end | Service Terminals. |                  |                |                |
|  |                              | Loading            | Unloading        | Covering.      | Uncovering     |
|  | Per ton<br>s. d.             | Per ton<br>s. d.   | Per ton<br>s. d. | Per ton.<br>d. | Per ton.<br>d. |
| A  | 0 3                          | —                  | —                | —              | —              |
| B  | 0 6                          | —                  | —                | —              | —              |
| C  | 1 0                          | 0 3                | 0 3              | 1              | 1              |
| 1  | 1 6                          | 0 5                | 0 5              | 1 50           | 1 50           |
| 2  | 1 6                          | 0 8                | 0 8              | 2              | 2              |
| 3  | 1 6                          | 1 0                | 1 0              | 2              | 2              |
| 4  | 1 6                          | 1 4                | 1 4              | 3              | 3              |
| 5  | 1 6                          | 1 8                | 1 8              | 4              | 4              |

At the moment of writing there is recorded in the Great Western Railway rate books at Paddington Station, a rate of 35s. 1d. per ton for Class 3 goods between London and Bristol—a distance of 118 miles. Now if we wish to see whether this rate of 35s. 1d. is within the legal maxima we have to make our calculation—seeing that this rate is a purely local one—in this manner—

| BRISTOL TO LONDON G.W.R. s. d.             |   |   |      |
|--|---|---|------|
| First 20 miles at 3 10d., as per scale No. | 1 | 5 | 2 00 |
| Next 30 " " 2 65d. " " "                   | 1 | 6 | 7 50 |
| " 50 " " 2 00d. " " "                      | 1 | 8 | 4 00 |
| " 18 " " 1 80d. " " "                      | 1 | 2 | 8 40 |
| Station terminals each end at 1s. 6d.      | 2 | 3 | 0    |
| Loading " " " " "                          | 2 | 1 | 0    |
| Unloading " " " " "                        | 2 | 1 | 0    |
| Covering " " " " "                         | 2 | 2 | 0    |
| Uncovering " " " " "                       | 2 | 2 | 0    |

28 1 90

Thus we arrive at a total of 28s. 1 90d. for the provision by the railway company of the wagons to convey the goods, the conveyance of them along the line, the provision of station accommodation in both London and Bristol, the loading of the goods in London and the unloading of them in Bristol, and the covering and uncovering of the traffic. But to the sum thus arrived at we have to add—seeing that this is a "Collected and Delivered" rate—the company's charge for collection in Bristol and delivery in London. Now, of course, it is perfectly obvious that the difference between 28s. 1 90d. and 35s. 1d., as quoted in the railway company's rate books, is not sufficient margin to cover cartage services in these days and, as will be gathered, the rate with which we have been dealing is a pre-war rate. Hence it will be appreciated that the figure is well within the company's legal maxima.

**How to Check a Through Rate.** A "through" rate is a rate for the conveyance of traffic over more than two railways—for example, from a station on the Great Western Railway Co.'s system to a station on the Great Northern Railway Co.'s system, and the procedure with regard to a "through" is slightly different from that with regard to a local rate inasmuch as the mileage over each company's system has to be calculated at the particular scales applicable to each of the companies. Thus, to challenge the 3rd Class rate of 35s. 7d. per ton between Bristol on the Great Western Railway and Enfield on the Great Northern Railway, we proceed as follows.

| Bristol G.W.R. to ENFIELD G.N.R.<br>Throughput Distance 136 miles |    |   |      |
|---|----|---|------|
| G.W.R. Company's portion—   |    |   |      |
| First 20 miles at 3 10d., as per scale No.                        | 1  | 5 | 2 00 |
| Next 30 " " 2 65d. " " "  | 1  | 6 | 7 50 |
| " 50 " " 2 00d. " " "   | 1  | 8 | 4 00 |
| " 18 " " 1 80d. " " "   | 1  | 2 | 8 40 |
| G.N.R. Company's portion—   |    |   |      |
| 18 miles at 3 10d., as per scale No.                              | 1  | 4 | 7 80 |
| Terminals at each end at 1s. 6d.                                  | 2  | 3 | 0 00 |
| Loading in Bristol " " " " "                                      | 2  | 1 | 0    |
| Unloading in Enfield " " " " "                                    | 2  | 1 | 0    |
| Covering in Bristol " " " " "                                     | 2  | 2 | 0    |
| Uncovering in Enfield " " " " "                                   | 2  | 2 | 0    |
| Collection in Bristol " " " " "                                   | 3  | 2 | 0    |
| Delivery in Enfield " " " " "                                     | 3  | 2 | 0    |
|   | 36 | 9 | 70   |

In making this calculation we have purposely included the pre-war charges for collection in Bristol and delivery in Enfield so as to show that the rate charges come well within the company's maxima.

But at this point we must explain that during the course of the next year or so we shall probably have a complete revision of the railway rates chargeable by the English railways, and, although the gross tonnage rates will in themselves be altered, the method of building up a rate will not—it is fairly safe to say—be changed. Indeed, the method here described is the method which has been employed practically ever since the railways of this country came into being and it will undoubtedly be retained if not for all time, at any rate for many years hence. The student is therefore quite safe in following the foregoing example.

**Railway Rate Making in Practice.** From the foregoing it must not be concluded that there is no elasticity about railway rate making for, in practice, the railway companies do not confine themselves strictly to the various Acts governing railway rates and charges. The matter has been very amply summed up by Mr. W. M. Ackworth, who, in one of his books, says: "Fixing a rate is, in a word, an art, not a science, and it is an art which must be exercised in a sort of twilight—in an atmosphere of probabilities and of doubt, where nothing is very clear, where there are some changes for many events, where there is much to be said for several courses, where nevertheless, one course must be determinately chosen and bravely adhered to." And another authority—Mr. W. W. Bennis—has made this statement: "Finding it impracticable to base railway rates with any degree of accuracy on cost of conveyance, and that it would not be to the public interest even if they could, as cost of conveyance bears no relation to the value of the goods carried, and further that under equal mileage rates cheap and heavy products could not be carried long distances, railways in the fixing of rates and the classification of goods, have considered the relative value of the service rendered to the public rather than the cost of conveyance to themselves."

The fixing of railway rates is, in short, an art and not a science. Commodities in the lower classes pay little more than actual cost of haulage, commodities in the intermediate classes pay actual cost of haulage, plus a proportion towards maintenance, commodities in the higher classes pay actual cost of haulage plus a proportion towards cost of maintenance and interest on capital. To give effect to this, railways have charged what the traffic can bear.

That is the whole thing in a nutshell—the railway companies, as a body, have regard to all the circumstances and make it a rule to charge what the traffic will bear. Very much could be written on this subject but space here is limited and consequently we must be brief. In this connection, however, the reader is earnestly recommended to procure for himself a copy of Blue Book No. C 6832, entitled *An Analysis of the Railway Rate Charges Order Confirmation No. 1891 2*, obtainable through any bookseller, price 1s. net, and also a copy of *The Railway and Canal Traffic Acts, 1854, 1873, 1888 and 1891, and Other Statutes, with the General Rules of the Railway and Canal Commission*. This also is obtainable through any bookseller, price 1s. net. These publications are invaluable to the student of railway matters.

The amount shown in the "Rail Charge" column is the amount arrived at by calculating the weight at the given rate per ton. This calculation can, of course, be made by means of pencil and paper, but there are some very good railway ready reckoners on the market, ranging in prices from 4s. upwards, and one of these publications will save

[illegible]

TO THE LONDON AND NORTH WESTERN

---

W

psf

3

1329 •

much mental labour and repay its cost in a very short time.

Consignments under 3 cwt. in weight are chargeable at the "Small" scale to be found at the end of the General Railway Classification, to which reference was made in the opening part of this article, and the charges on these small consignments must be calculated in accordance therewith.

**"Paid On" and Other Charges.** If there is any item shown in the "Paid On" column and the trader is unable to identify this, he should at once ask the railway company what the amount represents and to produce a voucher for the amount. "Paid On" charges may represent local charges from the sending station to a junction station on the forwarding company's railway when there are no through rates in operation, or, alternatively, the item may represent a cartage agents' charge for certain services rendered before the goods were put on rail. Hence a voucher should be asked for in those instances where there is any uncertainty about the item.

Of course, if the rate is a "Collected and Delivered" rate fact should be no charge shown for either of these services, but where the tonnage rate is a "Station to Station" rate, cartage charges are shown when the services are performed by the railway carriers. The rates for cartage at any point can be ascertained on application to the railway company, and the charges in the railway company's account thereby verified. Once these rates have been ascertained of course they should be recorded for future reference.

As to "Rebates," finally, it has been very clearly laid down by the Courts that when goods are charged at a rate which includes either collection or delivery and either one or the other or both of these services are not performed by the railway companies—and in parentheses again it should be explained that it is open to any trader to verify these services for himself if he chooses to do so—the railway company must make an allowance to the trader in respect thereof. In other words, what the Courts have said is this, that if a trader elects to perform his own cartage services the railway company must grant him a rebate off the tonnage rate. The amount of this rebate naturally varies according to the class of goods conveyed and the rate chargeable for the conveyance of those goods. But the rebate allowable on any class of traffic at any station can be ascertained on application to the station agent at which the services are performed. A great many traders are totally unaware of the fact that they are so entitled to claim a refund from the railway carriers, but the fact is as stated above, and every trader should see to it that he secures his legitimate rights.

**RAILWAY RATE MAKING.**—(See RAILWAY CONSIGNMENT OF GOODS BY.)

**RAILWAY RATES.**—(See RAILWAY, CONSIGNMENT OF GOODS BY.)

**RAILWAY REBATES.**—(See RAILWAY, CONSIGNMENT OF GOODS BY.)

**RAILWAYS.**—The importance of railway communication is so well known, that in every article of a geographical character in the *Encyclopædia* great prominence has been given to the "iron road," one of the most wonderful developments of the nineteenth century. But, in addition to this kind of information, there is an interest attached to the railroads of the great countries of the world of a general character. The following particulars,

therefore, of the railways of Great Britain and Ireland, France, Germany, the United States, and Canada will not be uninteresting. Separate maps are given of the principal railways of England, Scotland, and Ireland. For illustrations of the railways of the other countries, reference must be made to the maps of each country.

It should be borne in mind that much of the information given in the present article, refers to normal times. Since it was written, the Great War has been responsible for considerable changes, but many of these are of a temporary character; considerable stretches of railway have been destroyed in Europe, but these will no doubt be rebuilt in much their original form. The following information may, therefore, be taken as correct except in so far as it may have been altered temporarily by war measures and methods.

**I. BRITISH RAILWAYS.**—There is a broad distinction between the conditions under which railways were established in the United Kingdom and those that obtained on the Continent of Europe.

The first and most essential feature of this distinction is that the State did not undertake the ownership and control of railways in Great Britain and Ireland. The promotion and construction of railways was left entirely to private enterprise, which found the whole of the capital necessary for the purpose, and undertook every risk and responsibility attaching thereto. Quite a contrary system was pursued in other countries. In some cases it was the policy of the State to undertake not only the construction but the maintenance and working of the principal lines. In others the State has either wholly or partially built the railways and then let them for a term of years to companies, under a lease which usually contains clauses reserving the right of reversion to the State, and fixing the limits of maximum rates and fares, the conditions on which the State can cancel the lease, and the terms on which the line is to be surrendered by the company at its termination.

It is manifest then that the circumstances under which British railways have been constructed are such as to remove them, as regards State regulation, from comparison with State-constructed and State-administered lines.

Soon after war was declared, the railways of this country were taken over by the Government, who guaranteed to the companies the net receipts based on the aggregate net receipts for 1913.

Under normal conditions, too, the Government exercises a very considerable amount of control over both the construction and the working of British railways. This control commences with the authorisation of the undertaking, for which, and for any modification or extension thereof, direct Parliamentary sanction is necessary. Before obtaining such sanction the promoters must comply with the Standing Orders of the two Houses, which require that applications for new lines be filed in prescribed form, that written notices be served on landowners affected, and that drafts of the Bill, together with engineering details of the proposed works, and a 5 per cent. deposit on their estimated cost be lodged at specified times. In short, the promoters must "show their hand" in every particular.

The Act under which every commercial railway in the United Kingdom has been constructed specifies the maximum rates and fares authorised to be charged, and the conditions under which the line is to be worked generally. It is competent for anyone

whose interests are liable to be adversely affected by the proposed new railway to enter an appearance against it. It is of great service to the public that no railway company can have any alteration made in any of the powers conferred upon it by Parliament without submitting a special Bill, and obtaining a special Act for the purpose, while this necessity secures to the public the right of scrutinising and checking the authority of the railway company, and of opposing such provisions as are not likely to be to their own advantage. On the other hand, such applications necessarily add to the already enormous number of Acts of Parliament under which the powers of the railway companies and the rights of the public are now provided for, and render it more than ever difficult to distinguish between the two. Besides the obligations imposed upon them under their special Acts, railway companies are subject to the provisions of a number of general Acts.

Parliament has besides reserved a power in certain contingencies of reducing the maximum tolls and rates leviable; of passing any general railway Act which it may deem necessary for the regulation of the railway system, and of having the railways, engines, and carriages inspected by the officers of the Board of Trade whenever they think fit. The Treasury has power to reduce the rate of tolls at the end of twenty-one years when the dividends exceed 10 per cent., and in some Amalgamation Acts the rate of interest is limited.

British railway companies are free to construct and work their lines as they please, provided that they are constructed in such a way as to be capable of being worked without public danger. Government, however, possesses a power of making regulations at junctions between the lines of two companies, and when the lines interfere with landowners' interests, as, for example, at level crossings. Railway companies are liable under the common law to compensate persons who are injured; and under Lord Campbell's Act (7 & 8) they are liable to compensate the near relatives of persons who may be killed by the negligence of either themselves or their servants.

The Special Acts under which railways are, and have been constructed in the United Kingdom are divisible into three parts.

In the first place, they create an incorporated company, with power to raise capital, and with all the corporate privileges attaching to such incorporation. Secondly, they give the incorporated company the necessary powers to take land, and otherwise interfere with existing interests, in order that they may be enabled to construct their lines; and, thirdly, they regulate and define the rights of the public to use the railway, and of the company to levy tolls and charges.

The security contemplated by the founders of the British railway system was competition, or, at least, dormant rivalry. The Legislature fostered this principle by sanctioning the construction of railways forming alternative routes between most points of importance. The rival companies were then expected to keep each other in order, and the country was to get the benefit of their vigilance and jealousy without the obnoxious exercise of State control. As a result of this policy few of the larger companies possess a monopoly over any considerable area free from the incursions of rival lines.

But although, on the whole, the railway services of the country are carried out under competitive conditions, there is little or no competition in regard to the charges levied for conveying passengers and

general merchandise. At an early period in their history the Companies decided to minimise the opportunities for rate wars by agreeing amongst themselves what the rates between competing points should be by all routes. Thus, the competitive rates between most places in Great Britain are in the main governed by two Conferences, viz., the "English and Scotch Traffic Rates Conference," and the "Normanton Conference."

Another form of combination occasionally resorted to is known as "Percentage Division of Traffic," and is carried out in the following manner. Here the different companies having competitive routes between two towns or districts agree that the receipts derived from the whole of the traffic, carried by all routes, shall be thrown into a common fund, and that each company shall be entitled to a certain percentage of the whole. The percentages are usually adjusted on the basis of past actual traffic, but in settling the terms of the agreement due weight is accorded to any prospective advantages which may entitle one company to claim a larger proportion than it has carried in the past. An agreed allowance for working expenses fixed with due regard to the actual cost of service is made to any company carrying more than the percentage allotted to its route.

The tendency of British railway development has been for the lines to be constructed by small companies of local promoters, and subsequently amalgamated or absorbed into larger systems. The marked growth of the railway network between the years 1859 and 1865 was mainly brought about by "contractors' lines," that is new railways of limited extent which were speculations on the part of contractors with a view to their being either purchased or leased on the basis of a guaranteed dividend by adjacent railways. Nevertheless, the bulk of the railway system of the United Kingdom is concentrated in the hands of comparatively few companies.

The "standard" gauge of British railways, i.e., the width of 4 ft. 8½ in. between the two rails, was not adopted for any technical reasons. It chanced to be the gauge of the tramroads introduced at collieries in the middle of the eighteenth century, where the width between the wheels of the vehicles was governed by exigencies of horse-traction. Apparently it never occurred to George Stephenson, who gave the world railways, to depart from the tram gauge. The Great Western Railway, however, in appointing Isambard Kingdom Brunel to be its first engineer hit upon a man who declined to be dependent upon existing conditions. Brunel was a much more scientific engineer than Stephenson, but above all he was a genius. On entering into railway work Brunel immediately decided that the gauge of trumpery little colliery lines was inadequate for railway purposes. He foresaw that the tendency would be towards increased speed, and that if a broader gauge were adopted any future contingencies of development would be provided against in advance. Therefore, he adopted, upon a strictly scientific basis, a gauge of 7 ft., and designed bigger engines and bigger rolling stock than were in use elsewhere. Further, he considered that smoothing of motion would be increased if the rails were made longer and laid upon continuous longitudinal baulks of timber, instead of being supported on stone blocks or "chairs" to transverse sleepers. All these innovations were accepted by the directors of the Great Western Railway, who thought

that the public would be attracted by the extra speed and comfort thereby secured. There was no outside opposition to Brunel's proposals, as it then appeared likely that the railway to the west would remain independent of other lines, while the audacious engineer himself was confident that his ideas would eventually win the day. On the 30th June, 1841, the whole of the main line from London to Bristol was opened. It was distinguished by the boldness of its engineering features, the Brent viaduct, the bridge across the Thames at Maidenhead, and the Box tunnel being the greatest achievements in the way of bridges and tunnels heretofore carried out. On May 1st, 1844, the entire length of the Bristol and Exeter railway, also engineered by Brunel, was completed, and on July 6th following the Bristol and Gloucester Railway was opened. These two were broad gauge lines, and although nominally independent concerns, were considered by the Great Western Company as dependents of theirs. It was the latter ramifications that upset the preconceived notion that the Great Western Railway would be a self-contained system, for at Gloucester the broad gauge first came into competition with the narrow. The evils attending a break of gauge, of course, affect traders more seriously, but it was the publicity accorded to the inconveniences suffered by passengers that brought matters to a head, and led to the appointment of a Royal Commission to enquire into the subject. The commissioners exhausted the problem from every point of view. Out of the mass of contradictory evidence laid before them, at least two facts emerged clear, viz., that the broad gauge was unsurpassed for speed and safety. For example, the speed for the whole journey from London to Exeter, 194 miles, was at the rate of 44 miles per hour, whereas the express trains between London and Birmingham, 213 miles, averaged only 23·6 miles per hour. The Commissioners presented their report in February, 1846. They recommended that no new railways should be authorised in Great Britain otherwise than of 4 ft. 8½ in. gauge. This momentous decision was virtually the death-blow to the broad gauge, and it shattered Brunel's grandiose dreams. Nevertheless, the "battle of the gauges" raged for another decade, the inconveniences of the transhipment of goods, at any rate, being considerably reduced by mixing the gauge—i.e., adding a third rail between the metals forming the 7 ft. gauge, and so adapting the railway for vehicles of both gauges. In 1861 the utmost expansion of the broad gauge was reached. It then stretched as far west as Penzance, as far north as Wolverhampton, and as far south as Weymouth, while it extended through South Wales to Milford Haven. The first important conversion to standard gauge took place in 1872, and was on the line between Swindon and Gloucester and South Wales. The final conversion, embracing the lines west of Exeter, occurred in May, 1892.

In regard to engineering construction, British railways have been the most costly in the world. From the very beginning a straight and horizontal surface was assumed as the standard of perfection, and as the country is hilly this entailed heavy work in the shape of cuttings, embankments, and tunnels. In Great Britain there are 54 tunnels exceeding one mile in length, 12 which exceed 2 miles, and 6 which exceed 3 miles, the latter being the Severn (Great Western) 4 miles, 636 yds. (the longest subaqueous tunnel in the world); Totley (Midland), 3 miles, 950

yds.; Standedge (London and North Western), Old, 3 miles, 57 yds., New 3 miles, 57 yds., double line 3 miles, 60 yds.; Woodhead (Great Central), 3 miles 13 yds.

Many interesting details might be given as to bridges and viaducts of the larger kind, but we must here confine ourselves to enumerating the principal:—The Forth Bridge is the largest and most remarkable railway bridge in the world. The length of the cantilever portion is 1 mile 23 yds.; the central cantilever is 1,630 ft. in length, and the other two 1,510 ft. long. The highest point of the bridge is 361 ft. above high-water mark, and the rail level is 170 ft. above the same. The Britannia Tubular bridge, which carries the Chester and Holyhead railway across the Menai Straits, consists of four spans, two over the water, measuring 460 ft. each, and two over the land, measuring 230 ft. The twin tubes containing the tracks are 30 ft. in height at the central tower, diminishing to 23 ft. in height at the abutments, and 15 ft. in width. Though hailed at the time of its completion in 1850 as a masterpiece, bridges of this type were not perpetuated. They are in effect iron tunnels, and as such difficult to protect from corrosion inside, on account of the steam from the locomotives, and from corrosion outside by the sea air. They also present a continuous surface of great area to the force of the wind. In designing the Saltash bridge over the Tamar, and the Chepstow bridge, over the Wye, Brunel decided upon a modification of the Britannia bridge system, or, rather, a combination of the tubular and suspension principles. The Saltash bridge consists of two spans over the river of 455 ft. each, which are formed of an elliptical wrought iron tube, arched upwards, and braced by wrought iron rods to chains dipping similarly to those of a suspension bridge. It is, in fact, a suspension bridge with the pull of the chains resisted by the overhead arched tube instead of by anchor blocks buried in the ground on either side. There are in addition seventeen side spans varying from 70 to 90 ft., which are on sharp curves, making the whole length of the bridge 2,200 ft. The centre pier is a circular pillar of solid masonry 35 ft. diameter and 96 ft. high from the rock foundation to above high water mark. The bridge was officially opened for traffic on May 3rd, 1859.

The iron lattice-girder bridge—so-called from having sides constructed with cross bars, like lattice-work—is the natural outcome of the tubular bridge for long spans, developing equal strength with considerable economy of material and labour. Lattice girders are now almost universally adopted for metal bridges for long spans, though wrought iron has been replaced by mild steel—a stronger, tougher, and better material. The longest lattice-girder bridge in the Kingdom crosses the Firth of Tay at Dundee, and the Severn at Sharpness; and each is a wrought iron structure. The original Tay Bridge, opened 31st May, 1878, was partly destroyed by a gale, while a tidal tram was passing over it, on 28th December, 1879. It was reconstructed between the years 1882-87, and is 2 miles 231 ft. long. The lattice girders rest on 86 pairs of piers, constructed of brick, faced with granite and iron, and in the centre the girders are carried 77 ft. above the sea. The Severn Railway Bridge, opened 17th October, 1879, is 4,162 ft., or three-quarters of a mile in length, including a masonry approach viaduct on the north side of the river, and a swing bridge over the Gloucester ship canal on the south

side. The bridge proper consists of 21 spans, composed of bowstring lattice girders, carried on piers formed of cast-iron cylinders in pairs. The longest viaduct in the Kingdom is, perhaps, the Harringworth, on the Midland Railway between Kettering and Nottingham. It is built of red brick, the height being 60 ft., and the length about three-quarters of a mile. There are very few level crossings on British railways, the chances of accidents having demanded, in general, the construction of bridges over or under the railway. The permanent way is of very solid construction and consists of rails, chairs, spikes, keys, and sleepers laid in a bed of ballast deposited on the formation. As a rule, bullheaded steel rails, from 30 ft to 60 ft in length and weighing from 90 lb to 100 lb per yard are employed. The rails rest on iron chairs, which weigh about 55 lb each, and are wedged by means of hard wood keys. The sleepers on main lines are spaced about 2½ ft apart, and bedded on broken trap rock or granite chippings.

The present system of railway travel dates from the early "seventies" of the preceding century.

"Prior to the year 1872," writes Sir George Findlay, "the general practice of all English railway companies was to convey by the mail and principal fast passenger trains only first and second class passengers, third class passengers being compelled to travel by less important trains calling at a greater number of stations, or by the Parliamentary trains, so called, which stopped at every station, and which the companies were bound by statute to run over their lines at least once a day in each direction. The fares charged at that period averaged 2d per mile for the first class passenger, 1½d per mile for second class, and 1d per mile for third class by Parliamentary trains, while fares at a fraction over 1d per mile were charged for third class passengers conveyed by a few fast trains of a secondary character. At this time the third class carriages, although they were covered in as a protection from the weather, were not upholstered in any way, and contained nothing more than plain wooden seats." On March 19th, 1872, the Midland Railway suddenly announced that from April 1st third class passengers would be carried by all its trains. This great reform, which constitutes the Magna Charta of the third class passenger, the company followed up on October 7th, 1874, with the abolition of the second class, a reduction of first class fares to the price of second, and the levelling up of third class to the comfort of the second. These sweeping changes created consternation among the other companies, six of which banded together and tried to intimidate the Midland into reverting to the old order of things. The action of the Midland was denounced as an "invasion of the rights and privileges of the middle classes," and as a "policy of equality and fraternity thrust upon the English people which they neither appreciated nor desired." But the Midland stoutly refused to budge from the position they had taken up, and the practice as regards third class passengers was gradually followed by all the other leading railway companies. The only British trains which still decline to convey third class passengers are certain of the Continental boat expresses, which are governed by the practice on the other side of the Channel, and most of the trains on the Isle of Wight railway. The practice of having only two classes has likewise been steadily spreading during the last thirty years. Second class has now almost completely disappeared

In 1898 the chairman of the Great Northern Railway admitted that a still further reduction in the number of classes was the evident trend of the public view as regards travel, the tendency being undoubtedly towards one class—the third. This has already come to pass under certain conditions. Most "tube" railways have but one class, or, rather, no class at all; suburban and urban services operated electrically are undoubtedly striving to find themselves of first-class accommodation just as they have dropped second, and Rail Motor Cars follow the omnibus principle.

Coevally with the Midland Company's innovation of admitting third class to all trains a remarkable development began to take place in the design of passenger rolling stock. Hitherto English railway carriages had followed the architecture of the stage coach, with two axles and four wheels, although a few companies using longer bodied carriages than usual used three axles and six wheels. The Great Western broad-gauge carriages were always carried on six wheels, and here and there the experiment was made of building a carriage 40 ft long and mounting it on four axles and eight wheels. All such axles were practically rigid as far as lateral play was concerned. Nov. American railways at an early date departed from stage coach architecture and adopted a long car in one compartment, which was carried on two four-wheeled swivelling trucks, or bogies, thus allowing the vehicles more easily to pass round curves than is possible with a rigid wheel base. The invention of the bogie has been claimed for Germany, but both principle and name originated in the neighbourhood of Newcastle-on-Tyne, where the wheels of the early waggons conveying coal were constructed with a horizontal movement underneath, so that they could turn round the sharpest curves and face a person when he least expected it, just as a spirit or goblin might be expected to do. So when the "canny" miners first saw a coal waggon turning round upon them, they made use of their north-county word for a goblin, and said, "It's boggy himself!" In this country Mr. Farnie was the first to adapt and develop the bogie system. In 1864 he patented the double bogie engine for narrow gauge lines in hilly countries, and next demonstrated its powers for railway vehicles in the compass of a narrow cabbage garden at Hatcham. The "Times" gave an article, eight columns in length, devoted to an elaborate description of the system, nevertheless its value was not brought home to the public until in 1874 Sir James Allport, general manager of the Midland Railway, imported from America a stock of the long, open, bogie vehicles, which are generally known by the name of Pullman Cars. The open car as a substitute for the compartment system did not turn out a success, but the experiment proved of very great value in another way. The smooth and easy motion of the American cars carried on bogies attracted general attention; the solid rigidity of our own four-wheeled and six-wheeled coaches was admitted to be a mistake, and before long the leading companies were building long vehicles, mounted upon four-wheeled or six-wheeled bogies, carrying eight wheels fitted with radial axles. The Great Western Company were the first lines to make up all their express trains with bogie coaches. The bogie coach is now practically universal, having become the standard rolling stock for main line traffic, while many companies make up their suburban trains of it. In



short, coaches with a rigid wheel base, including those with a translation movement to axles, have almost totally disappeared, and will soon be extinct.

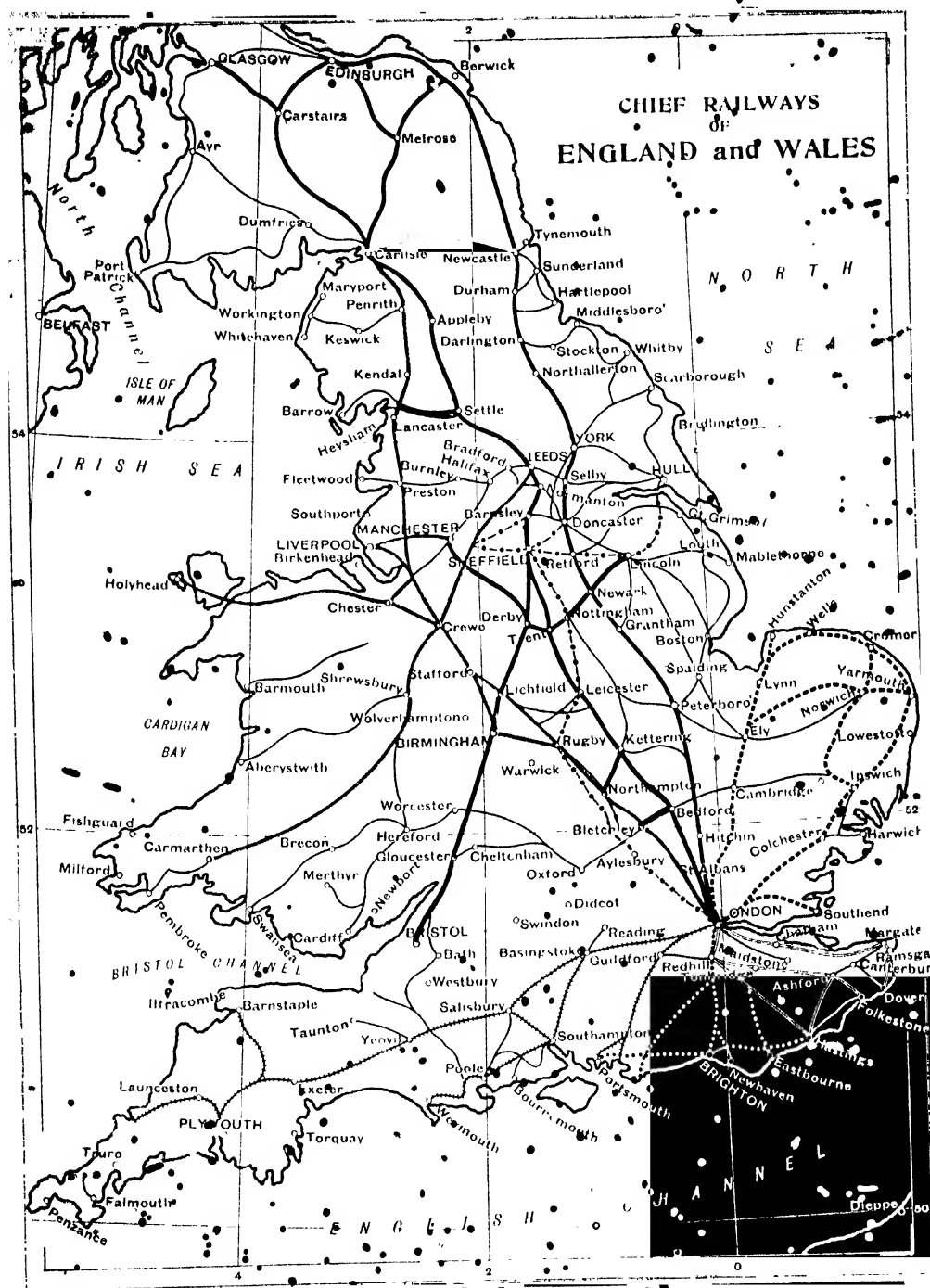
The standard carriage of 1872 was about 30 ft. long and weighed 19 tons; the bogie carriage of to-day is seldom less than 60 ft., and often attains 70 ft. in length, while it weighs from 25 to 38 tons. But the increased length and weight of carriages has not been accompanied by a proportionate increase of seating capacity, for which two factors have been responsible. Hardly had the bogie carriage begun to be adopted than there arose a demand for lavatory accommodation, which did not exist previously, except in the case of saloon coaches. Lavatories, taking up the place of a single compartment, soon came to be allotted to each pair of first class compartments in the long-distance express trains, and were being extended in a lesser degree to the second and third class accommodation, when the invention of the corridor train ushered in a fresh era of carriage design. The corridor train or intercommunicating system of passenger cars is a compromise between the open car system and that of "lone stuffy compartments." The compartments are retained, while a corridor or gangway is introduced along one side of the carriage. Further, a passage is provided throughout the train by connecting each carriage by means of a collapsible diaphragm.

A train made up is often described as "vestibuled," although, strictly speaking, the term should only apply to a car provided with a vestibule at either end, which many corridor carriages have not, and in which the car ends are fashioned like bows, so as neatly to meet the end of the next car, thus necessitating a very short diaphragm to connect any two vehicles. The Great Western Railway introduced the first complete intercommunicating corridor train in June, 1892, but isolated corridor carriages had been running for some two years previous on the East Coast route to Scotland. It is now very rare to find a main line express train which is not a corridor train. However, if carriages have grown in length, they have remained practically stationary in width and height. These latter dimensions are governed by the construction gauge—the boundary line for the construction of tunnels, bridges, platforms, etc., in the direction of the rails. The height of tunnels and bridges varies on different lines, and even on different sections of the same line, wherefore different railways have different loading gauges. The extreme width of load above platform level—i.e., 48 ft. 6 in. above rail level—is 9 ft. 3 in., and the extreme height in centre, from rail level, 13 ft. 9 in. It is possible in some cases slightly to increase the width of carriages by bulging them at the waist. Several companies have adopted this expedient in order to increase the accommodation of corridor cars. The running gauge does not affect the question. In countries which possess a smaller running gauge than the standard one there will be found carriages quite as capacious as those on British railways. A light railway with a gauge of 2½ ft., constructed in Staffordshire, runs passenger coaches that are larger than many of the older vehicles which the southern lines provide for.

All mineral waggons are open trucks, whereas merchandise waggons may be broadly divided into the open truck, and what is variously termed the box van, covered waggon, or cupboard truck. There is, in addition, a large assortment of specially

fashioned vehicles for special purposes, viz., cattle trucks, fish waggons, refrigerator vans, gunpowder vans, ballast trucks, plate glass waggons, trucks for the conveyance of timber in long lengths, and low-bedded trucks, nick-named, "crocodiles," for transport of anything abnormally high or heavy, such as boilers and machinery. The transportation of practically all merchandise and minerals in this country is effected by the means of vehicles—open or closed—carried on two axles and four wheels, and having doors at the side arranged to suit road-cart level. The mineral waggons have, as a rule, a slightly larger capacity than those intended for general merchandise. The standard British merchandise and mineral waggon is the 10-ton open truck (a truck being described according to its capacity and not by its tare, which is the weight of the vehicle unloaded). Closed waggons are not so popular in this country as elsewhere. There is the difficulty of getting a crane into them, unless provided with a sliding roof, which in turn is liable to let in wet, on the other hand, they obviate the necessity of sheeting. Many companies are, however, considerably increasing their stock of box vans, and the cubical contents of the new vehicles, in which the sliding roof is abandoned, are twice as large as those of the old ones.

There has been a controversy relative to the desirability of increasing the capacity of mineral waggons. The average capacity of these vehicles is now 10 tons, and waggons larger than this are considered high-capacity trucks. The exponents of the high-capacity waggons—a vague term, as it covers anything between 15 tons and 4½ tons—allege with some truth, that owing to the low-capacity system, British railways are hauling considerably more dead weight, capacity for capacity, than is the case in some other countries, notably America. Their line of argument is that the adoption of high capacity mineral waggons would considerably reduce the foregoing source of expense, and, at the same time, would tend towards reducing the length of trains, because, given a uniform wheel base, there would be fewer waggons. On the other hand, it must be remembered that all turntables, sidings, rail curves, coal drops, weigh bridges, pit screens, etc., at collieries, stations, and wharves, are designed for the low-capacity waggon. The wholesale alteration of these appliances and accommodations would be a most costly business, while another obstacle is, that in the majority of instances, they do not even belong to the railway companies, but to private traders, or corporate bodies, which could not be compelled to bear the expenses of the change. Secondly, the industrial conditions of this country require small consignments and a "short haul." In America trains of fully-loaded, 30-ton or 40-ton waggons are despatched across the continent, and are not broken up until they reach their terminus. An English mineral train rarely travels for a greater distance than 200 miles, and the coal consignments are comparatively small. For example, it is estimated that on the London and North-Western 86 per cent. of the coal is carried in consignments of less than 20 tons; and, accordingly, there would be no economy in employing 20-ton waggons for the transportation of 50 per cent. of the traffic. However, there are some openings for high-capacity waggons. Coal passing in large quantities for locomotive use, and a regular traffic between specific points in iron ore and bricks can be conveyed in 30-ton or 40-ton





trucks with advantage. Several companies have built waggons of this description for these special purposes. When a waggon attains a capacity of 30 tons it must be carried on bogies.

British railways are worked on the absolute block system, the object of which is to maintain a certain interval of space between all trains, instead of the uncertain interval of time as formerly. The line is divided into sections, varying in length from a few chains to several miles, according to the volume of traffic. A signal box is placed at the termination of each section, and provided with a number of fixed signals outside and within the levers that actuate the movements of the latter, together with electric bells, block telegraph instruments, telephones, etc. The principle of the block system is that two trains travelling on the same set of rails shall never be in the same section at the same time, though this rule is relaxed in certain circumstances by employing what is known as the "permissive block" system, which is governed by stringent conditions. The form of fixed signal generally adopted is the semaphore, which consists of a timber or iron pole, varying in dimensions according to circumstances, but sometimes as much as 70 ft. high, with an arm about 5 ft. long, capable of assuming two positions when actuated by mechanical force. When this arm is in its normal position, viz., horizontal and at right angles to the post, it signifies "stop", when it is nearly vertical it indicates "go on".

A considerable number of power systems of signalling have come prominently to the fore in recent years, in consequence of the large increase of traffic (which has necessitated a greater number of tracks and considerable enlargements of stations and yards), causing a distinct demand for some form of operating signals and points, which shall give greater ease and safety in handling heavy traffic, together with more economical working than can be obtained by ordinary manual plants. The feature of a power system is that the signalman is provided with means of easily moving points and signals by either all electric, electro-pneumatic, hydraulic, or electro-hydraulic power. As with the manual system, it is necessary to have levers in a signal box interlocked with each other, and connections between the box and the points and signals. With some power installations, like the Westinghouse and the "Crewe," the ordinary mechanical levers are retained in miniature, thus, the signalman has nothing new to learn in the way of movements or catches. As a rule, however, the interlocking machine for a power system is smaller and more compact, and it is possible to interlock points and signals by return connections to the levers in the box. A signalman, therefore, when moving a lever, is made aware that the point or signal has answered his lever. Again, with several power systems, should a signalman omit to put a signal to danger, it will be thrown up automatically by the passage of a train. The connections with the signal and switch motors are invariably underground, and it is now agreed on all hands that surface rods and wires should be abolished in station yards, on account of the great risk to railway officials from exposed gear. Moreover, with the connections laid underground, these are not liable to accident, neither can they get clogged with snow, ice, or dirt. Train movements can be effected much more rapidly by means of a power installation than by any manual plant.

A further development of the power system is automatic signalling, whereby the trains are made to signal themselves. There are several different kinds of automatic signalling systems in vogue, but one feature is common to all—namely, an electrical wire and track circuit circulating over each block section. These currents are furnished by gravity batteries, and are of low tension, inasmuch as they do not perform the signal movements, but are required merely to regulate the actual motive power, which is led through valves to the signal motor. The motive power is usually compressed air, as in the case of the London and South Western and Metropolitan District Companies' installations; but the North Eastern Railway employs cylinders charged with liquid carbolic acid gas, at a pressure of about 800 lbs. to the square inch. The gas motor possesses the advantage of obviating the employment of an air compressing plant and pipe-lines.

When a train enters a section, its wheels short-circuit the track battery, i.e., the current flows through the axle, thereby putting the actual motive power into operation to set the signals which it has just passed at "danger." The train having cleared block 1, and entered block 2, the current of the track battery is again flowing through the rails, thereby causing the signals to resume their normal position. With some installations, whilst the circulation is free, the semaphores stand at "safety," but with others, the normal positions of the signals conform with the Standard Block Regulations, viz., "Danger," and on the approach of the next train, the line being clear, a mechanical contrivance attached to the section enables the signal to be cleared.

The fundamental characteristics of British locomotive practice have undergone revolutionary and progressive changes during the last twenty years. The growth of the weight of long-distance passenger trains, as brought about by bogie corridor carriages and restaurant cars, has rendered imperative the use of more powerful engines than the single driving wheel type, which reigned supreme on most of our railways for many years. No new engines of this type have been built since 1901. The four-coupled wheel engine, which gives greater haulage capacity, because greater weight of the engine is available for adhesion, of course, came into vogue at an early period, and in a modernised form is still holding its own though this is the only country in which it is not considered obsolete. The Midland and Great Eastern railway put their faith in this type, which also preponderates on the London and North Western, while the progressive North Eastern Company has again resorted to its use, after discontinuing for a time the building of it. Attempts to establish the contention that where the front rank of locomotive performance is concerned the 4-4-0 type has been superseded by the Atlantic and 1-6-0 type cannot but fail, for the evidence really to the contrary. The introduction of the ten-wheelers was the logical outcome of increasing the length and therefore the size and the power of the boiler. A longer boiler entailed a longer bearing surface, and therefore an additional pair of wheels became necessary. It follows that locomotive designers had the alternative, either to add a third pair of driving wheels, or to adopt a small pair of carrying wheels beneath the fire box. In 1898 the Great Northern Railway built the first engine of the latter, the "Atlantic" type, in the country; in 1899 the Lancashire and Yorkshire

followed suit; and in the same year the North Eastern introduced us to the 4-6-0. There has been a great battle between these two types, for the Great Western, North Eastern, Lancashire and Yorkshire, and Great Central have tried both. The issue lies between the greater freedom, less wear and tear to working parts, and scope for a wider fire box enjoyed by the "Atlantic" as against the 4-6-0, and the increased haulage power possessed by the latter from the additional weight available for adhesion, owing to the presence of a third pair of driving wheels. With the Great Northern Railway the "Atlantic" has become the standard; whereas with the Great Western the 4-6-0 enjoys pride of place for hauling the heaviest and fastest trains, the "Atlantic" having been entirely discarded. With the Caledonian the 4-6-0 gives such satisfaction that the Company will not even experiment with its rival, while the London and South Western relies on the former for hauling the heavy West of England express trains at 57 miles per hour over the steep banks west of Salisbury, and has recently extended its employment to the Bournemouth service. The Great Eastern Railway is building some 4-6-0 engines. Companies which use "Atlantic" engines in turn with the 4-4-0 type are the North British and Brighton, and those which still employ the "Atlantic" in turn with the 4-4-0 and 4-6-0 types are the Great Central, Lancashire and Yorkshire, and North Eastern. The London and North Western, Glasgow and South Western, and Highland have all got 4-6-0 engines at work.

The system of compounding has never been popular with our railways, but it has had one great protagonist in the late Mr. F. W. Webb, chief mechanical engineer of the London and North Western Railway. Mr. Webb was the inventor of the three-cylinder compound, having two high pressure cylinders outside, and one low pressure cylinder inside, but none of his passenger three-cylinder engines had their driving wheels coupled together. In 1897 Mr. Webb decided to adopt two low pressure and two high pressure cylinders, and to couple the wheels; but upon his retirement in 1904, his successor, Mr. Whale, reverted to the simple engine, and there are now no compounds of any description running on the London and North Western Railway. About the year 1903 another system of compounding—the "Smith"—was taken up by the North Eastern, Great Central, and Midland Companies, which system exactly reverses Mr. Webb's, for it provides for one high-pressure cylinder inside, and two low pressure cylinders outside, and also for coupling the driving wheels. A later development of the "Smith" principle has been a four-cylinder compound, of which the North Eastern possesses a class. The "de Glehn" system of compounding, with which the separate pairs of cylinders drive on separate axles (whereas both the "Webb" and "Smith" systems drive on the leading axle), has come to the fore in a somewhat modified form since the Great Western Railway imported some French built locomotives of this type. The Great Western and the Great Northern Railways have built engines, in which the essential principles of the "de Glehn" method are imitated.

The attempt to obtain power by means of augmented cylinder capacity led to the adoption of the four cylinder simple engine, and undoubtedly the present tendency of British locomotive development is towards this type, together with higher

individual mechanism, and superheater for supplying steam at high temperatures. Superheating has fairly arrived in this country. It yields reduced water, and fuel consumption, and greater haulage capacity; it permits of the use of a less bulky boiler and of a drop in the working steam pressure, while, above all, it obviates cylinder condensation. The craze for high steam pressures, i.e., 200 lb. and upwards, was due to the introduction of the compound locomotive, and the corollary of such pressures is expensive strengthening of all parts, whereas with a superheater nearly equivalent results can be obtained much more economically by slightly enlarging the cylinders and reducing the steam pressure.

Lastly, of late years, our railway companies have been led to follow their foreign contemporaries in the provision of bigger boilers whereby to increase the power of their goods engines, and with the appearance of larger boilers eight coupled driving wheels, with or without the adjunct of a leading pony truck, have become extensively employed, though the majority of goods engines still are six-wheelers.

The following is a list of the principal railways of the United Kingdom, together with the names of the principal towns served by each of them. The order is according to length of mileage.

(1) **England and Wales.** (a) *The Great Western.* This railway has a total length of over 3,000 miles, one half of which is a double track. The main line starts from Paddington Station, London, and runs to Penzance, through Reading, Bath, Bristol, Taunton, Exeter, Plymouth, Bodmin, and Truro.

The chief branches are—

- (i) Reading to Taunton, via Westbury
- (ii) Didcot to Chester, through Oxford, Warwick, Birmingham, and Shrewsbury.
- (iii) Swindon to Worcester, through Gloucester, Malvern, and Hereford.
- (iv) Westbury to Weymouth, via Yeovil and Dorchester.
- (v) Bristol to Fishguard, via the Severn Tunnel, Newport, Cardiff, Neath, Swansea, Llanelli, and Carmarthen.
- (vi) Bristol to Penzance, via Taunton, Exeter, Plymouth, and Truro, with branches to Barnstaple, Torquay, and Falmouth.

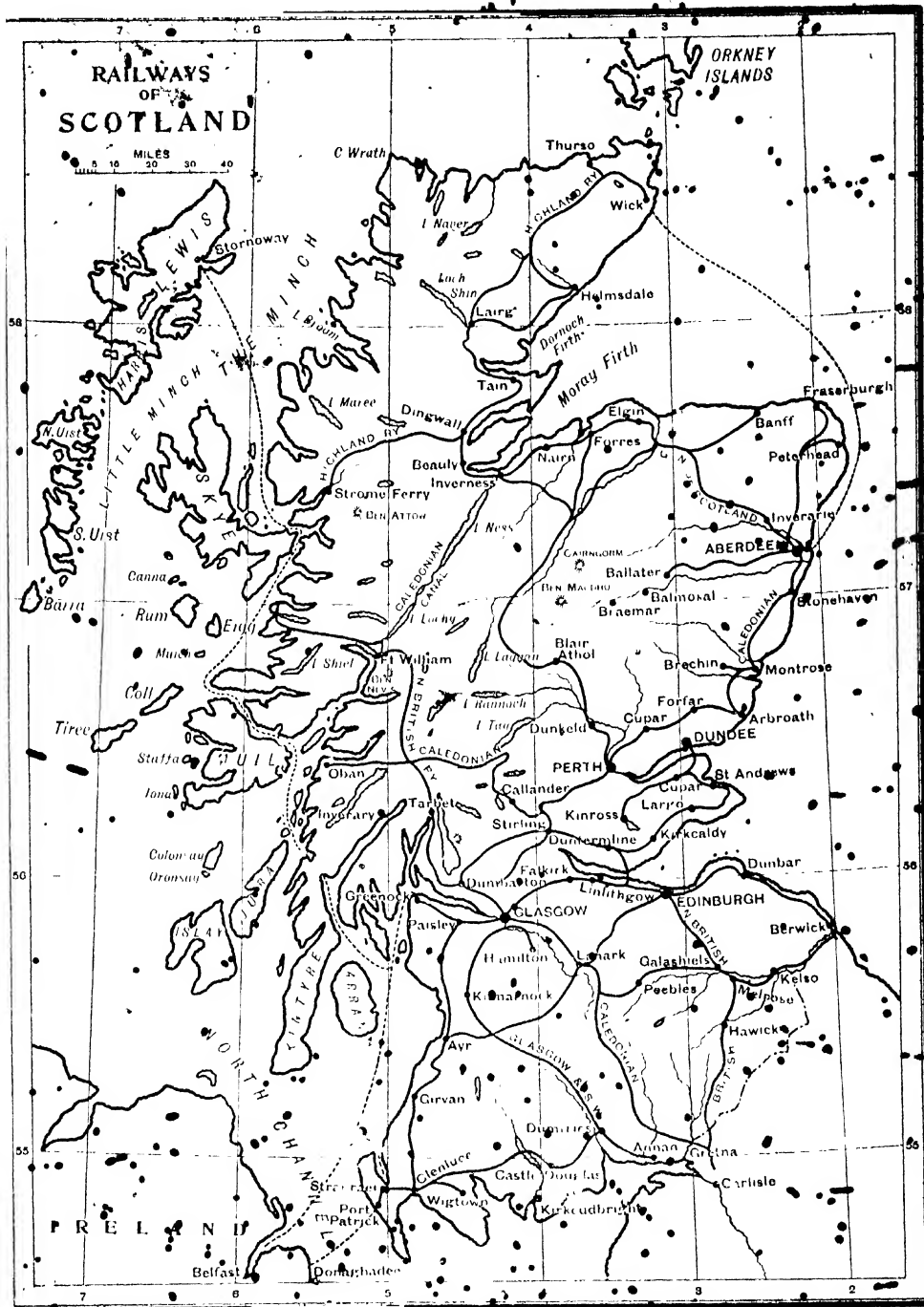
(b) *The London and North Western.* Total length, over 2,000 miles. The main line starts from Euston Station, London, and runs to Carlisle, through Rugby, Stafford, Crewe, Warrington, Wigan, Preston, and Lancaster.

The chief branches are—

- (i) Crewe to Holyhead, via Chester, the principal mail route to Ireland.
- (ii) Crewe to Liverpool, via Runcorn.
- (iii) Crewe to Manchester, via Stockport, with a branch to Leeds and the West Riding of Yorkshire.
- (iv) Crewe to Shrewsbury, Hereford, and South Wales.
- (v) Rugby to Stafford, via Birmingham and Wolverhampton, with a branch to Leicester.

(c) *The North Eastern.* Total length about 1,750 miles. This line is practically a continuation of the Great Northern, though in reality it stretches from near Doncaster to Eberwick-on-Tweed, passing through York, Darlington, Durham, and Newcastle-on-Tyne.

There is a branch line from Newcastle to Carlisle, and this railway also serves the whole of the eastern part of Yorkshire, viz., Scarborough, Bridlington,





and Hull. From Harlington there is a connection with Middlesbrough, Saltburn, and Redcar.

(d) *The Midland*. Total length nearly 1,550 miles. The main line runs from St. Pancras Station, London, to Carlisle through St. Albans, Luton, Bedford, Kettering, Leicester, Chesterfield, Sheffield, Leeds, Bradford, Keighley, Settle, and Appleby.

The chief branches are—

(i) Trent Junction in an easterly direction to Lincoln, via Nottingham, and in a westerly direction to Manchester and Liverpool, via Derby.

(ii) Derby to Bristol, by way of Birmingham, Worcester, Cheltenham, and Gloucester.

(iii) Settle to Heysham (the Midland port for Ireland), by way of Lancaster and Morecambe.

(e) *The Great Eastern*. Total length about 1,150 miles. The main line starts from Liverpool Street Station, London, and serves the Eastern Counties generally. There are two lines to Norwich—with a continuation to Yarmouth—the east and Cromer in the north of Norfolk—the first by way of Cambridge and Ely, and the second through Chelmsford, Colchester, and Ipswich.

The chief branches are—

(i) From Ely by way of March to King's Lynn and Hunstanton, together with various outlying places.

(ii) From March by way of Lincoln and Gainsborough to Doncaster.

(f) *The London and South Western*. The total length of this line is a little under 1,000 miles. The main line runs from Waterloo Station, London, to Exeter by way of Woking, Basingstoke, Salisbury, and Yeovil.

The chief branches are—

(i) Woking to Portsmouth and the Isle of Wight.

(ii) From Basingstoke to Winchester and Southampton—whence steamers run to Havre and the Channel Islands—and thence to Weymouth by way of Dorchester.

(iii) From Exeter to Barnstaple, Bideford, and Hidacombe.

(iv) From Exeter in three directions: the first to Exmouth, the second skirting the north of Dartmoor and then running south to Plymouth, and the third branching off from the Plymouth line at Okehampton for Launceston and Padstow.

(g) *The Great Northern*. The line, with a total mileage of a little over 850 miles starts from King's Cross Station, London, and connects with the North Eastern Railway near Doncaster, the chief town on the route being Peterborough, Grantham, Newark, and Retford. By arrangement with the North Eastern and the North British Railways, the Great Northern forms an important part of the East Coast Route, which is the great non-jughway from London to Edinburgh.

The chief branches are—

(i) From Doncaster to Wakefield, Bradford, and Leeds. This is the shortest route from London to these important centres.

(ii) From Peterborough to all parts of Lincolnshire, especially Boston, Lincoln, Louth, and Grimsby.

(h) *The Great Central*. The total length of this railway is about 730 miles. Until its extension to London this line was known as the Manchester, Sheffield, and Lincolnshire Railway. Starting from Marylebone Station, London, it runs through Rugby, Leicester, and Nottingham to Sheffield. Here it divides, one part running to Grimsby and

Hull (the latter being reached from New Holland by steam ferry) and the other through Penstone to Manchester and Liverpool. There is another branch running to Doncaster and Leeds.

(i) *The South Eastern and Chatham*. The total length of this line is about 630 miles. It is a combination of the old South Eastern and the London, Chatham, and Dover Railways. It has a practical monopoly of the county of Kent, and it serves a portion of the counties of Sussex and Surrey, whilst there is also a line running from Redhill Junction to Reading.

The chief station of the South Eastern portion is Charing Cross (though Cannon Street is equally important for local traffic), and the main line runs to Folkestone and Dover via Chislehurst, Foulridge Junction, and Ashford. The chief station of the London, Chatham, and Dover is Victoria (with Holborn as an important city starting place for trains in all directions over the system), and the main line runs to Dover via Chatham and Canterbury.

The South Eastern and Chatham Railway is of great importance, as it is the direct mail route to the continent—Dover to Calais, Dover to Ostend, Folkestone to Boulogne, Folkestone to Fushing, and Queenborough to Flushing.

(j) *The Lancashire and Yorkshire*. The total length of this railway is a little under 600 miles. The main line extends from Liverpool to Leeds, and throws out branches in all directions, thus connecting all the important centres of South Lancashire and the West Riding of Yorkshire.

(k) *The London, Brighton, and South Coast*. This railway has a total length of about 450 miles. Its main line runs from Victoria Station, London, to Brighton, but its branches are exceedingly numerous, and it serves most of the towns of the counties of Surrey and Sussex. The line is increasingly popular as a cheap route to the continent, via Newhaven—steamers running twice a day from this port to Dieppe—and it extends in a westerly direction as far as Portsmouth.

(l) *The Cambrian*. The total length of this railway is just over 275 miles. It runs from Brecon in the south to Wrexham in the north, and has branches to the coast, thus serving the seaside resorts Aberystwyth, Barmouth, and Harlech.

The other railways of England and Wales, which are of less importance than those already mentioned, are the Barry (South Wales), Cardiff, Cheshire Lines (connecting the districts between Manchester and Liverpool), Cocker mouth and Penrith, Colne Valley (Essex), Furness (North Lancashire and Cumberland), Hull and Barnsley, Isle of Wight, Maryport and Carlisle, Metropolitan, North London, North Staffordshire, Rhymney Valley, Stratford-upon-Avon and Midland Junction, Taff Vale (South Wales), and Wirral (Cheshire).

No mention is made of the various Tube railways of London.

(2) *Scotland*. (a) *The North British*. The length of this railway is about 1,365 miles. It is a continuation of the North Eastern Railway of England, and the main line extends from Berwick on-Tweed to Edinburgh. From the Scottish coast there are three branches, the first to Glasgow via Falkirk, the second to Dundee via the Forth Bridge, and the third to Carlisle via Dalkeith, Melrose, and Hawick. There is also another branch which runs from Glasgow to the southern end of the Caledonian Canal.



(b) *The Caledonian*. Total length of line 1,080 miles. The main line is a continuation of the London and North Western Railway, and runs from Carlisle to Stonehaven and Aberdeen by way of Lockerbie, Carlisle, Stirling, Perth, and Forfar. There are branch lines from Glasgow to Edinburgh, Perth to Dundee, and Dunblane to Oban.

(c) *The Highland*. Total length of line 485 miles. This railway runs from Perth to Thurso via Dunkeld, Forres, Nairn, Inverness, Beauley, Dingwall, Tain, and Lairg. The Dingwall and Skye line leaves the Highland Railway at Dingwall for Strona Ferry.

(d) *The Glasgow and South Western*. Total length of line 470 miles. The main line is a continuation of the Midland Railway and runs from Carlisle to Glasgow via Annan, Dumfries, and Wilmartock. The chief branches are from Dumfries to Stranraer and Port Patrick via Glenluce, and from Glasgow to Glenluce via Ayr and Girvan.

(e) *The Great North of Scotland*. Total length of line 335 miles. The line connects the Caledonian and the Highland Railways, and runs from Aberdeen to Elgin. There are branches to Peterhead and Fraserburgh, to Banff, and to Ballater (for Balmoral and Braemar).

The only other railway in Scotland is the Port Patrick and Wigtonshire Joint Railway, which runs from Castle Douglas to Stranraer.

(3) *Ireland*. (a) *The Great Southern and Western*. The length of this line is just over 1,120 miles. The main line starts from Dublin and finds its terminus in Killarney, Valencia Harbour, Kenmare, and other parts of the south-west of Ireland. From Limerick Junction it branches in a northerly direction as far as Shgo, passing through Limerick, Tuam and Claremorris, in a southerly direction through Mallow to Cork, Queenstown, and Youghal, and in a south-easterly direction to Waterford, Rosslare, and Wexford. In addition the line serves many other parts of Munster.

The great importance of this railway arises from the fact that it is the chief mail route to Queenstown, whence there is shipping connection with some of the most important parts of the world.

(b) *The Great Northern*. The total length of line is about 550 miles. This railway serves the Province of Ulster, together with parts of Leinster and Connaught. The main line starts from Dublin, and follows the coast to Dundalk via Balbriggan and Drogheda. From Dundalk it proceeds to Belfast through Portadown. There is an important branch running from Dundalk westward to Enniskillen.

(c) *The Midland Great Western*. Total length about 540 miles. The main line runs from Dublin to the west coast of the county of Galway, and links up Mullingar, Athlone, Ballinasloe, and Galway. From Mullingar a branch runs to Eligo, and from Athlone there is another branch to Killala by way of Roscommon, Claremorris, and Ballina.

(d) *The Dublin and South Eastern*. Total length a little over 160 miles. This line runs from Dublin along the south-east coast of Ireland to Wexford, passing through Kingstown, Bray, Wicklow, Avoca, Arklow, Enniscorthy, and Macduff. From the last named place a branch runs via New Ross to Waterford.

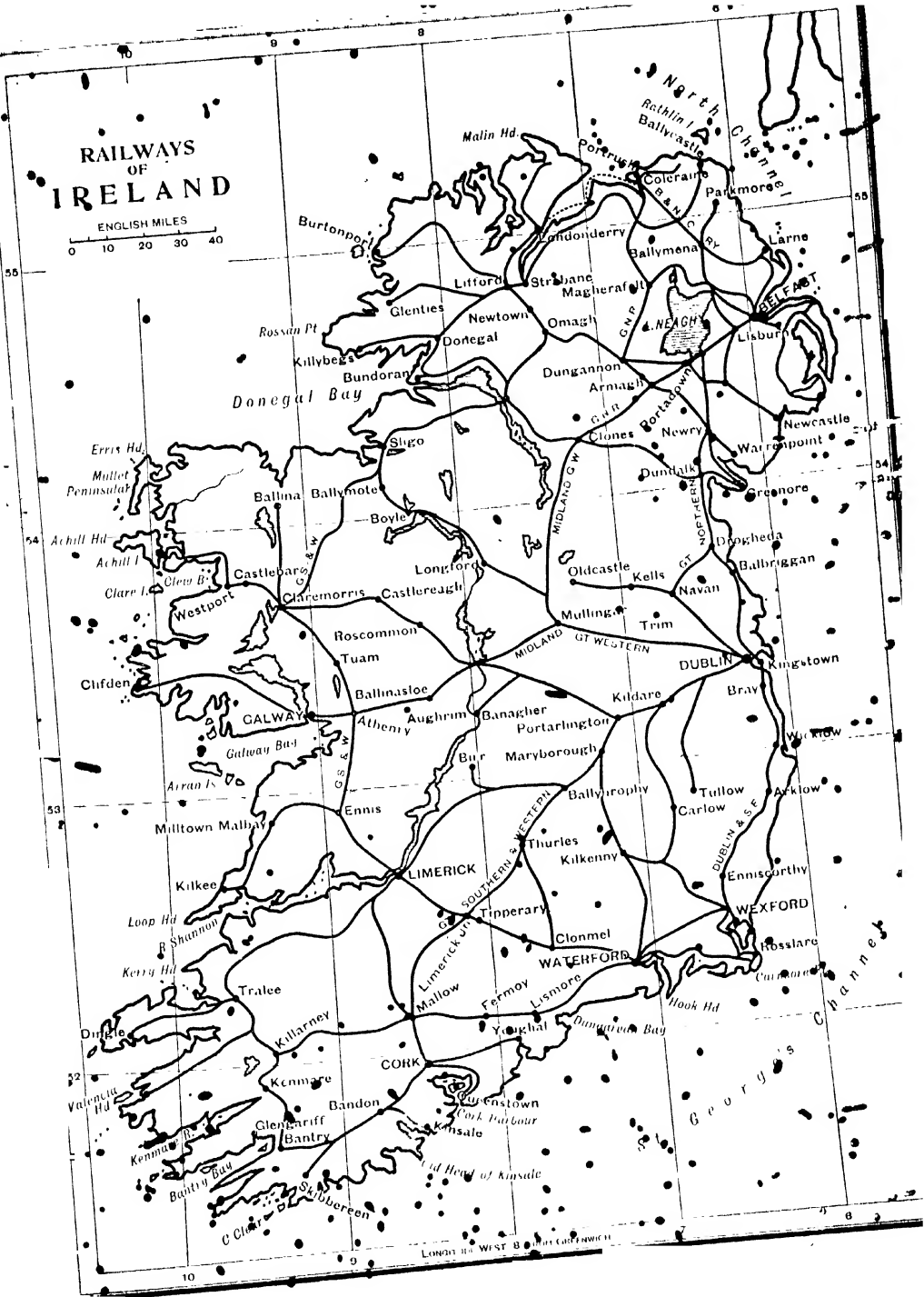
The other railways of Ireland are the Belfast and County Down, Cork Brandon and South Coast, County Donegal, and Belfast and Northern Counties.

This last named connects Belfast with Londonderry by Antrim and the north.

II. RAILWAYS OF FRANCE.—Neither the French Government nor the French people seemed to feel much interest about the construction of railways until long subsequent to the opening of several hundred miles of them both in Belgium and in Germany. The nation was not, however, altogether ignorant of their existence, for tramways had been used in the mineral districts of St. Etienne, and near to the banks of the Loire for many years previously. These were for the most part worked by horses, but in a few cases rude locomotives were employed. To M. Emile Pereire is due the distinction of introducing railways. With much difficulty he succeeded in forming a company for making the short line between Paris and St. Germain, which was opened in December, 1837. It was not until 1837 that the importance of France having a network throughout the Kingdom was appreciated. In that year a Royal Commission was appointed, which made its report in 1838, but owing to internal jealousies and other causes the recommendations of the commissioners were not adopted. In 1838, however, the Orleans Company obtained its first concession, viz., Paris to Orleans, and a concession was given to the Paris and Rouen Company in 1841. The fundamental law for the construction of French railways, and for the subsequent administrative surveillance of them by the government was passed 11th June, 1842. This law provided for the acquisition of land, and the construction of earthworks and embankments, engineering works, and stations by the State, the companies being only required to furnish the track and ballasting, and the locomotives and working stock. The period and conditions of company working, as well as the rates and fares, were fixed by each contract, and at the expiration of the period for which the concession was granted, the value of the track work and rolling stock, as fixed by experts, was to be repaid to the companies. The government was to guarantee a minimum dividend to the companies, in some cases a very high one. By this law France was to possess seven main arterial lines of railway, all of which were to start from Paris as the concentric point, and be so arranged that no competition for internal traffic should exist. The first arterial line was to take the direction towards Belgium; and the second, common with the first, was to proceed towards Calais, to hold the key of the traffic from England. These two form now the Northern Company. The third arterial line was to run towards the ports on the Bay of Biscay from the Loire to the Gironde. Tacked on to the existing Paris and Orleans company, it became the great Orleans system. The fourth was to extend from Bordeaux to Bayonne, and thence to the Spanish frontier. The fifth was to be common to the fourth, likewise starting from Bordeaux and following a course trending towards the Mediterranean via Toulouse and Perpignan. These two developed into the Midi or Southern Company. The sixth great and important trunk route was from Paris, through Dijon, Macon, Lyons, and Avignon, to Marseilles. The seventh was, the important strategic and commercial line that was to connect Paris with Strasbourg and the Rhine. It is known as the Eastern Company. The line already opened between Paris and St. Germain was swallowed up by the Paris and Rouen Company, and the latter,

# RAILWAYS OF IRELAND

ENGLISH MILES  
0 10 20 30 40





in turn, developed into the Western Company, which for long owned the entire railway system of Normandy and Brittany, and served the whole of the sea coast of north west France. Of course, since the first conception of these seven arterial lines modifications in the exact direction of several of them have taken place, but in the main they follow the routes originally proposed. By 1853 the essential parts of the whole system were finished. At first French contractors estimated so highly for undertaking the work of construction that English firms were preferred. The Western main line and that from Paris to Calais were both almost entirely built under English supervision, and with French and English workmen employed side by side. The direction of the Western Railway was for many years half French and half English, and until the Revolution of 1848 all the engineers of this company were English. The early English influence on French railways is evidenced by the fact that trains take the left as in this country, and contrary to the French rule of the road. After the war of 1870 Gambetta enunciated a policy of creating a large State system of railways, and in 1878 it began to be put into practice by the Government purchasing a heterogeneous mass of unprofitable local lines in the west of France, which were eventually formed into a new through route from Paris to Bordeaux. In the following year the State undertook to carry out a very considerable number of local and secondary railways, and many were begun, but after Gambetta's death in 1882 the policy was abandoned owing to financial and other difficulties, the lines actually built or under construction being handed over to the big companies to finish and work. In 1895 Gambetta's policy was revived, and has been uninterruptedly pursued with increasing activity.

The outstanding feature of the French railway system is that no competition for internal traffic is supposed to exist, and except at a few points where the companies touch each other it may be said that each company has the ground inside its concession to itself. There has, however, arisen a very severe competition for long distance and international through traffic, a result which the originators of the French system, when parcelling out territories to each company, did not foresee. This rivalry is growing keener with the construction of new Alpine tunnels together with the projection of new railways across the Pyrenees.

The Government guarantees a minimum dividend to the companies. In the cases of the Eastern, Orleans, and Southern this applies to the full amount on the debentures and to a certain proportion on the ordinary stock. The Eastern Company's guarantee has been extended to 1934, but those of the Orleans and Southern Companies have no limit. It is only of late years that all the companies, except the Northern, have had to fall back upon the State guarantee.

The construction of the French line presented no special engineering difficulties. The first railway tunnel in France is that of La Neuf, between Avignon and Marseilles, 5,101' in length. However, the new line of approach to the Simplon via Geneva, as ratified by the Bern Convention of 1909, entailed the building of a very difficult piece of line between Fribourg and Valorbé including a very long tunnel through the Mont d'Or, about 15 miles from Geneva. On the trunk line the permanent way has undergone enormous improvement

during the last decade, heavier rails having been introduced and more attention paid to ballasting. The Orleans, Southern, and New State (late Western) Railways employ bull-headed rails, resting on chairs, as in England, while the Eastern and P. L. & M. use flat-footed rails spiked to transverse sleepers, after the American fashion. The Northern Railway appears to be pretty equally divided between both types. In France one often encounters stretches of track so overgrown with weeds that it looks as though the line were laid on a grass field. This is due not to lack of care, but to set purpose. Much of the ballast available in France is gravel or sand, which is extremely dusty, and therefore weeds are encouraged to grow, in order to prevent the dust from rising. Coming to the methods of signalling employed, the block system is now universal on important arteries of traffic, and automatic installations, controlled by track circuits, are growing in favour. Signal cabins, however, are few and far between, and women are often placed in charge of them. Disc and chess-board types of fixed signals still preponderate, though the use of an indifferently legible semaphore is gaining ground. Fish-tailed semaphores control the traffic at junctions, and the latter are headed by a transparency (which is illuminated at night), labelled *Bifur*. The Northern Railway has an electric apparatus in the "four foot" gage, which, when a distant signal is at "danger," makes contact with a brush on the locomotive, and gives the driver both an audible (whistle) and a visible signal in his "cab." The new bogie, passenger stock, contributed so as to form continuous or corridor trains, is excellent, but at present there is not nearly enough of it. The loading gauge of the French Railways is bigger than ours, for it allows of carriages being built 19 ft. wide and 14 ft. high. The Orleans Company owns the best *train rapide* stock, though the coaches to which we refer are first class only. These carriages, which are variously arranged upon the compartment system and as saloons, are 77 ft. long, and mounted upon six-wheel bogies. The travelling restaurant and sleeping car accommodation is in the hands of the International Sleeping Car Company, except on the State lines. The cuisine of the restaurant cars is excellent, but the charges are rather high. The sleeping car supplements also are expensive. France is among the countries belonging to the Rundreise system, and tourists may effect a considerable saving by taking these round route tickets. The minimum circle must be 300 kilometres (186 miles). In France no express fares exist except for *voitures de luxe*, which must not be confused with sleeping cars proper, for they mean first-class carriages fitted with make-shift beds—what we call "sleeping accommodation," and the American "Pullman bays." There are not nearly so many express trains in France as in Great Britain, and cross-country expresses are practically non-existent. None of the *rapides* admits third-class passengers, and most of them only convey second-class passengers travelling a considerable distance. The great blot on the French railway system is this want of third-class, and even second-class accommodation. The State Railways, however, have thrown all their trains open to the lower classes. Again, some of the best trains are *trains de luxe*, belonging to the International Sleeping Car Company, to travel by which one is mulcted in a supplement in addition to the first class fare. It is, however, said that the

Car Company only get a fraction of the supplement, the lion's share going to the railway companies, which drive hard bargains.

The goods rates cover *grande vitesse*, or specially accelerated transportation, and *petite vitesse*, or ordinary transportation. For the former there are two classes, one comprising general merchandise, for which quick despatch is desired, and the other 'perishables,' including foodstuffs, produce, and *saunders*. These rates are upon a kilometric tapering basis, which does not allow these foodstuffs to be brought from very far. Even the milk consumed in Paris comes from within a limited radius and is very expensive. The *petite vitesse* is of six classes, likewise upon a tapering kilometric basis. The entire tendency is to stereotype French railway rates into a rigidity from which there is little departure, and which keeps them in general at a level higher than in the United Kingdom, and higher even than in the United States. Rigidity of rates is an inevitable result of paternal government.

The continuous automatic brake most generally in use is the "quick-acting" Westinghouse, though the Mids Company still employs an obsolete Austrian brake, the Wenzel. The vacuum brake is fitted to a small proportion of the goods stock, which consists mainly of open low capacity waggons. Until a few years ago the speed of British express trains was immeasurably ahead of those in France. An International Railway Congress was sitting at Paris in the autumn of 1895 when the East and West Coast routes were "racing" to Aberdeen; and the achievements of the Anglo-Scottish trains were discussed with wonder. French Railway Officials then deplored the fact that nothing approaching those speeds could be attempted on their own lines. Four years later, however, the impossible came to pass, and our "railwayists" could hardly believe their eyes when they scanned the pages of the Continental "Bradshaw" of July, 1899, for France had put on some faster timed trains than our own. And she still maintains a slight superiority in this respect.

III RAILWAYS OF GERMANY.—The railways of Germany grew up without any comprehensive plan. The first lines did not even come into communication with Berlin. They were built as local lines to subserve local interests. This was largely due to the political constitution of the country. But although there was no national development of railways, the smaller States were financially strong enough to adopt the policy of State ownership. Down to the year 1874 the following state of affairs prevailed. The small States had owned their own roads in large measure from the outset. Private enterprise had improvised connections and built through lines. Prussia owned about one-third of the railways within her borders. Some she had built for political or military necessities; some she had acquired in the way of business; some she had assumed when she annexed the States that owned them. Bismarck was not satisfied with this. He wanted a consistent State railway system, in the hands of the Imperial power itself, and in Prussia his railway policy succeeded completely, but the German States held out against so thoroughgoing a centralisation of control.

The only really good train service, as regards both speed and frequency, in Germany is found between Berlin and Hamburg towns of analogous importance to London and Manchester, and

nearly equidistant. Berlin and Hamburg are connected by twelve expresses daily, the journey of 177 miles averaging 3½ hr., or 47 miles per hour. Three of these trains take 3½ hr. The fastest express run in Germany is Berlin to Halle, 101 miles, in 110 min., speed 55.0 miles per hour; while the best non-stop run is Berlin to Hanover, and *vice versa*, 158 miles, performed in 3 hr. 9 min., or at the rate of 48 miles per hour. Some of the poorest set of trains in Prussia come from the Elberfeld administration, though it serves the richest industrial district. What is the cause of the slowness of Germany's express train service? The fault does not lie with the locomotives, which are very compact and powerful machines, and were the first to demonstrate the advantages attending the use of superheated steam, a refinement that is now making such great and universal headway. It is fairly well-known that the Berlin-Zossen Electric Railway trials of 1903 resulted, in the attainment of a speed of 130.7 miles per hour. It will, however, be news to many to learn that one of the four-cylinder compound express engines of the Bavarian State Railways has attained the highest speeds ever recorded in Europe with the steam locomotive. In its trial runs it covered 37½ miles at an average speed of 81 miles per hour, and maintained for considerable distances a velocity of 96 miles per hour. The tank engines for the Berlin urban service are exceptionally powerful machines on the three cylinder principle. Nevertheless, the suburban and circle trains of the Prussian State Railways in and around Berlin are meagre and slow.

The principal argument that is advanced in favour of nationalisation of railways is that it results in cheaper transport, and the rates in Germany are often quoted as an example. As a matter of fact, the conditions under which the rates are quoted in Germany and in the United Kingdom are very different. The German railways confine themselves to rail transport alone. They do not undertake collection and delivery, neither do they allow warehouse accommodation and free storage, all of which are included in British rates. Further, there are very stringent regulations in regard to the payment of claims for damages, loss, or delay. Lastly, the despatch given to traffic in Germany is very much slower than that which obtains with us.

Railway carriages in Germany are generally clean and comfortable, and the fares are moderate. For express trains there is sometimes an extra charge, no reductions is made for return tickets. It must also be borne in mind that only hand luggage goes free on the German railways.

#### IV RAILROADS OF THE UNITED STATES.

The first railway in the United States was at Quincy, Mass. in 1825. It was five miles long, and ran between a stone quarry and an ocean pier. The Baltimore and Ohio, opened in 1830, was, however, the pioneer railroad built for general public use, but the Charleston and Hamburg, in South Carolina, was the first line constructed solely with reference to the immediate use of steam traction, for horses preceded locomotives on the Baltimore and Ohio. The first locomotive actually run upon an American railway was the "Stourbridge Lion," imported from England in 1826, to be used near Honesdale, Pa., but the engine proved too heavy for the permanent way. The railroads constructed during the first ten years radiated from several Atlantic seaports,

Philadelphia being the most important centre in 1840. New York was a larger city, but having especially favourable facilities for water transportation the railway connections were developed slower than those of Philadelphia.

The railroad system of the United States as a whole is now too vast, and is composed of too many parts to be readily comprehended. It is impossible for the ordinary mind, at least, to carry the details of such a large and intricate picture as is presented by a railway network comprising 270,000 miles of line, and spread over a country 3,000 miles in breadth. By dividing the United States into several natural territorial sections, and by classifying the lines according to those sections, it is possible to get a better picture of the national railway system, but such an analysis is beyond the limits of this article.

The railways of the United States have been projected and constructed by private enterprise, but many companies have received aid from towns, counties, or states, while the Federal Government has subsidised the Pacific lines by immense grants of public lands. It was accepted as an undoubted truth in constitutional law from the first that the authority for the construction of railways within a State must come from the State itself, which alone could empower the proprietors to appropriate lands. The grant of corporate power must also come from the State, and where the proposed railway was to cross a State boundary the necessary corporate authority must be given by every State through or into which the line was to run. The case of the trans-continental roads was clearly exceptional. They were to be constructed in large part over the public domain, and subsidies were to be granted by Congress for the purpose. The War of Secession had an important influence upon railway development. It familiarised men's minds with national ideas instead of those limited to their own State. Down to this period there existed a positive jealousy of interstate traffic. People were willing to submit to inconvenience and to actual loss in order that a railway might run as far as their State limits would allow, and not one whit further. The War did much to remove this, and it also had more direct effects, for it produced special legislation for the trans-continental railroads as a measure of military necessity. Ultimately the Federal Government undertook the work of regulation. All railroad and steamship lines of the United States passed under Government control by proclamation of the President at the end of 1917.

In the United States there were at one time five different widths of tracks—from 4 ft. 8½ in. to 6 ft.—and the advantages of uniformity of gauge again forcing itself upon the attention of railway proprietors, resulted in the triumph of the "Standard" or 4 ft. 8½ in. gauge, and for the same reasons as in Europe, viz., not its mechanical superiority over any other, but the expediency of its adoption in view of the extent of roads of that gauge in operation.

In almost every detail of construction and equipment the pioneers of railway enterprise in the United States struck out a line of their own. The type of permanent way which soon became universally applied consisted of flat, or T shaped rails, spiked directly to wood cross-ties, the latter being laid so closely together as to be almost continuous. It is claimed for this system that it gives more elasticity, and demands less tractive effort, than does our rigid combination of rails resting between the jaws of chairs. Some years ago the New York

Central Railroad procured a stretch of the London and North Western permanent way complete in every respect. This was laid down by the side of the American Company's main line, and subjected to the same tests. In a very short time, however, the British material proved useless, as the chairs were broken by the shocks they suffered. Nevertheless, there is no reason for believing that any mechanical experience guided the early American engineers in their choice of a "chairless" track. It was merely the result of vast timber supplies for sleepers.

The American loading gauge is considerably bigger than ours. The average maximum height above rail level with British railways is 13 ft., whereas with those of the United States it is 16½ ft. In Great Britain, however, most tunnels and over-bridges were constructed at a time when it was thought the size of locomotives was definitely fixed. In the United States, where there is little need for tunnels, and where level crossings are only just beginning to be eliminated, and, again, because the American engineer came later on the scene, and so could better anticipate development, both the locomotive designer and the car builder are given a much freer hand, hence, the rolling stock differs ours by comparison. Yet another factor has influenced the size of the American loading gauge, viz., braking by hand. It is only comparatively recently that the automatic air brake has been adapted and cheapened to make it available for long freight trains, prior to which the brakemen had constantly to be on the tops of the cars ready to screw down the hand brakes. One of the mountain roads in Colorado, which now uses air brakes is said to be lined its whole length with the ruins of cars lying in the gorges, where they were wrecked in the former days of hand-brakes. When the brakeman has to ride outside the cars and keep a general watch of the train he is exposed to many risks. There is the danger attendant upon stepping from one swaying car to another over a gap of two or three feet, on a dark night, in a gale of wind, or when frost and snow combined coat the roofs of cars so as to render the surface frightfully slippery. One of the reasons for eschewing over-head bridges was the anxiety not to impede the work of the brakemen. These structures are now heralded by a kind of rough tassel of cords, commonly known as a "tickler," which hangs down over the track at about the level of the tops of the cars, and is intended to warn an unwary brakeman to duck his body. The existence of this warning device proves that the old style of braking is by no means extinct. The low initial cost of American railways has been due largely to a close adaptation of the alignment to the natural surface by the use of grades and curves. The importance of saving in materials, labour, and cost has been very much greater than in Europe, because labour and nearly all materials, except timber, were much costlier, and especially because the initial money was very much higher. In the construction proper a noticeable peculiarity has been the free use of open truss-work of timber, to save both money and earth or rock excavation. The wooden bridges and the wooden trestles are purely American products, and without them 150,000 miles of line could never have been built. The art of building wooden truss bridges was developed by two Pennsylvania carpenters at the beginning of the nineteenth century. These old road bridges were notable for the quality of their well-seasoned timber

that can be passed on comfortable journeying by land or sea, or sojourning in hotels, for the Company has a complete chain of palatial hotels all the way across Canada. On the Atlantic, its "Empress" steamers are among the most seaworthy and comfortable of twentieth century construction. On the Pacific, the "Empress" lines to Japan and China from Vancouver are the favourite boats with all who are familiar with the Orient. The Canadian-Australian line between Vancouver and Sydney is steadily winning the allegiance of the Australian and New Zealand travellers.

The Canadian Pacific Railway is not, however, confined to the Dominion. Its "Soo" line dips south into the United States as far as Minneapolis, and then back to the main line at Moose Jaw, making the shortest rail connection from the Mississippi Valley to the Pacific, while it has extended south of the American boundary line to Portland, Oregon, and Seattle, Washington. The Company builds at the rate of 400 miles a year; but with all its extensions keeps on steadily improving its main lines, double-tracking here, lessening gradients there, and flattening out curves in other places. Between Rossport, 877 miles west of Montreal, and Gravel, 893 miles, some of the heaviest constructional work is found in the shape of deep rock-cuttings, viaducts, and tunnels. The snowsheds in the Rockies form a triumph of engineering. Built of heavy cedar wood, and backed with rock, they are fitted into the mountain side in such a manner that the most terrific avalanche glides harmlessly over the track. To enable travellers to enjoy the magnificent scenery, avoiding lines have been constructed outside, and are used during the summer.

In its Angus shops at Montreal the company builds cars at the rate of a train a day. Its freight cars have a carrying capacity equivalent to the weight of the whole population of England at one time. The "Pacific" or 4-6-2 type of passenger engines, recently adopted by the Company, are the largest and most powerful machines so far running in Canada east of the Rocky mountains. The engine weighs 95 tons, and the tender 55 tons.

The Company's crack Trans-Continental train, the "Imperial Limited," is certainly one of the railway glories of our Empire, and, all things considered, one of the most remarkable trains in the world. The westbound train leaves Montreal daily at 10.30 p.m., and the eastbound starts from Vancouver daily at 3.45 p.m. The journey from coast to coast, 2,898 miles in length, is accomplished in 97 hours, at the inclusive rate of speed of 29 miles an hour, but it must not be forgotten that 642 miles of the journey are over the ranges and valleys of the Rocky mountains, while a further

portion of 555 miles (Sudbury to Fort William), is over the rugged country north of Lake Superior. Observation cars, specially designed to allow an unbroken view of the wonderful mountain scenery, are attached to the "Imperial Limited" between Canmore and Revelstoke from May 20th to October 15th.

Probably the most perfectly appointed train ever constructed was the one used by King George and Queen Mary during their Canadian tour in 1901. It consisted of nine cars vestibuled together, giving a total length of 730 ft., and a total weight of 395 tons. The interior of this wonderful train, which was entirely built in the Canadian Pacific Railway shops at Montreal, proved a revelation of the possibilities of luxury and comfort of modern railway travel. Among other refinements, it had a complete telephone system throughout its length. The railway voyage of their Majesties over the C.P.R. lasted from September 13th to October 4th, and during these 22 days, 5,620 miles were covered from Quebec to Vancouver, and back to North Bay.

To operate its trains and steamships, together with its subsidiary undertakings, the Canadian Pacific Railway Company required a great force of men—over 70,000. The company has made a special study of the welfare of this peaceful army. Its apprentice system enables the young mechanic to advance to the highest position in the organisation. The moral and physical side as well as the mental is covered by the training given. In order to encourage the deserving apprentices the Company awards each year a University scholarship to the ten best apprentices. Instruction cars, to give instruction in the air-brake, steam heating, electric lighting, and safety appliances, travel up and down the lines. Boarding houses have been erected by the Company and given over to the Y.M.C.A. to operate, the Company defraying the cost of light, heat, repairs, etc., and paying the salary of the secretary. At the many moth Angus shops, Montreal, good, wholesome well-cooked food is served to the employees in warm, comfortable canteens at nominal prices. Sleeping accommodation is provided for engineer, car attendants, and brakemen at every divisional point between the Atlantic and the Pacific. In every department and branch of this vast industry will be found various subsidised clubs or organisations for mutual improvement and social enjoyment. For example, the staff of the famous chateau Frontenac Hotel, Quebec, have a snowshoe club, which enjoys a number of outings during the winter season. Lastly, there is a pension fund, under which a continued income is assured to those who, after years of continuous service, are by age or infirmity no longer able to perform their duties.









